

**NORTH YORKSHIRE COUNTY COUNCIL****AUDIT COMMITTEE****25 JUNE 2015****ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT****1.0 PURPOSE OF THE REPORT**

- 1.1 To provide a summary of the internal audit work performed during the year ended 31 March 2015 and to express an opinion on the overall governance, risk management and control environment in place within the County Council.
- 1.2 To provide Members with details of breaches to Finance, Contract and Property Procedure Rules identified during 2014/15 audit work.
- 1.3 To consider the Internal Audit performance outturn for 2014/15 and the 2015/16 performance targets for Veritau.
- 1.4 To inform Members of the conclusions arising from the Quality Assurance and Improvement Programme

**2.0 BACKGROUND**

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015, relevant professional standards and the County Council's Internal Audit Charter. Since April 2013, the applicable standards for local government have been the Public Sector Internal Audit Standards (PSIAS). These comply with the international standards issued by the Institute of Internal Auditors (IIA). As well as providing a definition of internal auditing, the PSIAS detail the Code of Ethics for internal auditors and provide quality criteria against which performance can be evaluated. Since the standards were adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) has also issued further guidance in the form of an application note. The application note includes a checklist to assist internal audit practitioners to review and update working practices.
- 2.2 To comply with the Standards, the Audit Committee approved an Audit Charter in December 2013, setting out the purpose, authority and responsibility of internal audit. The Audit Charter also defined certain elements of the internal audit framework including the 'board', 'senior management' and the 'chief audit executive', as follows:

'Board' – was defined as the Audit Committee (given its responsibilities in relation to internal audit standards and activities);

'Senior Management' – was defined as the Corporate Director - Strategic Resources in his role as S151 officer. In addition, senior management may also refer to the Management Board or the Chief Executive and/or any other Corporate Director;

'Chief audit executive' – was defined as the Head of Internal Audit (Veritau).

2.3 In accordance with the Standards, the Head of Internal Audit is required to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control operating within the County Council. The Head of Internal Audit should also contribute to the preparation of the Annual Governance Statement by identifying any significant control issues identified during the course of audit work, and report any breaches of the County Council's Finance, Contract and Property Procedure Rules to the Audit Committee.

2.4 The Head of Internal Audit is also required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to the required professional standards. The results of the QAIP should be reported to senior management and the Audit Committee along with any areas of non-conformance with the Standards. The QAIP consists of various elements, including:

- maintenance of a detailed audit procedures manual and standard operating practices
- ongoing performance monitoring of internal audit activity
- regular customer feedback
- training plans and associated training and development activities
- periodic self-assessments of internal audit working practices (to evaluate conformance to the Standards).

In addition, a formal external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

2.5 The results of customer feedback and the self-assessment are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan and/or individual personal development action plans.

2.6 Audit work was undertaken across all of the County Council's services and activities in accordance with the approved Internal Audit Plan for 2014/15. The findings have been reported to this Committee in accordance with the following cycle:-

June 2014	Children & Young People's Services
September 2014	Health and Adult Services Computer audit, corporate themes and contracts
December 2014	Business and Environmental Services

March 2015

Central Services  
Counter fraud matters

2.7 In each of the above reports, with the exception of the report on counter fraud matters, the Head of Internal Audit provided an opinion on the control arrangements within the particular functional area or directorate.

### 3.0 **WORK COMPLETED IN 2014/15**

- 3.1 During 2014/15, Veritau has been responsible for evaluating the adequacy and effectiveness of the County Council's control environment, promoting counter fraud arrangements, and providing advice and making recommendations to management to improve controls and/or to address the poor or inappropriate use of resources. Veritau completed over 96% of the Internal Audit Plan against an agreed performance target of 93%. The overall opinions provided to this Committee, at meetings between June 2014 and March 2015, are detailed in **Appendix 1**.
- 3.2 The results of completed audit work have been reported to the relevant service managers, the Corporate Director – Strategic Resources and the Audit Committee. Audit findings relating to 2014/15, which have not yet been reported to this Committee, will be presented in due course as part of the agreed Audit Committee programme of work. On the basis of the follow up work undertaken during the year, satisfactory progress has been made by management to address identified control weaknesses. Outstanding actions continue to be monitored and in most cases progress is considered to be acceptable.
- 3.3 As previously reported, Veritau has been involved in a number of investigations into suspected fraud and corruption. These investigations have been carried out in response to concerns raised by management or through the whistleblowing reporting system. Further proactive work has also been carried out to address a number of specific fraud risks. The County Council's Fraud and Loss Risk Assessment and Counter Fraud Strategy were also updated during the year. In addition, Veritau has continued to issue alerts to service managers and schools to draw attention to potential threats and scams.
- 3.4 The Information Governance Team (IGT) co-ordinates all requests for information (excluding Social Care Data Protection requests) and provides advice and guidance on the application of information related legislation (including the Data Protection and Freedom of Information Acts). A total of 1,351 FOI requests were received during 2014/15, compared to 1,307 in 2013/14. This represents an increase of only 3.4% over the previous year which suggests a slow down in the numbers being received.
- 3.5 The IGT has also continued to help develop the County Council's information governance policy framework. As the County Council's Senior Information Risk Owner, the Corporate Director – Strategic Resources, has continued to chair the Corporate Information Governance Group (CIGG), which meets on a regular basis. CIGG has addressed new and emerging issues during the year as well as coordinating the development of the IG policy framework. In addition, Veritau's auditors have continued to undertake unannounced visits to County Council offices and establishments in order to test understanding and compliance with the policy framework. As previously reported, these visits have found a variety of potential

data security risks. The results have been reported to CIGG and the relevant management.

- 3.6 To assist in the development and maintenance of the County Council's governance arrangements, Veritau's auditors meet with the S151 Officer, Monitoring Officer and other senior officers on a regular basis to identify and address key governance issues and concerns.

#### 4.0 INTERNAL AUDIT PERFORMANCE MANAGEMENT

- 4.1 Despite the challenging climate, Veritau has continued to deliver cost effective internal audit, counter fraud and information governance services to the County Council and the City of York Council together with a number of other public sector bodies in North Yorkshire. These services continue to be valued by the company's clients particularly at a time of significant change.
- 4.2 The Veritau group achieved a combined operating profit before tax in 2014/15. Investment in new services and initiatives has also continued, particularly in respect of counter fraud. For example, the County Council in partnership with the City of York Council, Ryedale District Council, Richmondshire District Council, Hambleton District Council, and Selby District Council successfully bid for additional government funding to combat fraud. The additional funding is being used for data matching and to investigate social care, council tax/NNDR and procurement related fraud across the partner councils.
- 4.3 **Appendix 2** details performance against the targets set by the County Council for 2014/15. **Appendix 3** sets out the targets for Veritau for 2015/16.

#### 5.0 BREACHES OF FINANCE, CONTRACT AND PROPERTY PROCEDURE RULES

- 5.1 As in previous years, the majority of identified breaches relate to the Contract Procedure Rules. Details of those breaches identified through internal audit work during 2014/15 are shown in **Appendix 4**.
- 5.2 It should be noted that some of the variations in the type and number of breaches identified between the years can be attributed to the fact that audit work will focus on different risk areas each year. In addition, the content of the various Procedure Rules does not remain the same and new rules are introduced whilst others are amended or deleted.
- 5.3 Where breaches are identified, it is usually sufficient to draw the matter to the attention of management for the appropriate remedial action to be taken. If a wider training need is identified this will be addressed accordingly. Finally in those cases where the breach identifies a fundamental weakness/deficiency in the relevant Procedure Rule this will be addressed separately as part of the ongoing review process for all the County Council's Procedure Rules.
- 5.4 There were no significant breaches of the Finance Procedure Rules although a number of relatively minor breaches were noted. Examples of typical errors included:
- Orders not being issued for all expenditure;

- Inappropriate authorisation of orders;
- Petty cash not being regularly checked;
- Inventory records not being properly maintained;
- VAT receipts not being obtained for all procurement card expenditure;
- Ineffective budgetary control procedures and reconciliations not being completed.

5.5 There were no breaches of Property Procedure Rules identified during the year.

## 6.0 **QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)**

6.1 As noted above, Veritau maintains a quality assurance and improvement programme (QAIP) to ensure that internal audit work is conducted to the required professional standards. As well as undertaking an annual survey of senior management in each client organisation and completing a detailed self assessment to evaluate performance against the Standards, the service was also subject to an external assessment. The assessment was conducted by the South West Audit Partnership (SWAP) and completed in April 2014. The results of the assessment provide evidence to support the QAIP as well as helping to inform the Improvement Action Plan.

6.2 The outcome of the QAIP demonstrates that the service conforms to *International Standards for the Professional Practice of Internal Auditing*. Further details of the QAIP and Improvement Action Plan prepared by Veritau are given in **Appendix 5**.

## 7.0 **2014/15 AUDIT OPINION**

7.1 As part of the annual report, the Head of Internal Audit is required to provide:

- (a) details of the scope of the work undertaken and the time period to which the opinion refers (together with disclosure of any restrictions in the scope of that work)
- (b) a summary of the audit work from which the opinion is derived (including details of the reliance placed on the work of other assurance bodies)
- (c) an opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (ie the control environment)
- (d) disclosure of any qualifications to that opinion, together with the reasons for that qualification
- (e) details of any issues which the Head of Internal Audit judges are of particular relevance to the preparation of the Annual Governance Statement
- (f) a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme.

7.2 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating within the County Council is that it provides **Substantial Assurance**. There are no qualifications to this opinion. The only reliance placed on the work of other assurance bodies in reaching this opinion related to computer audit work, which was undertaken on behalf of Veritau by Audit North. In giving this opinion attention is drawn to the following significant control

issues, which are considered relevant to the preparation of the 2014/15 Annual Governance Statement:

- **Information Security** - further improvements are required to ensure compliance with the County Council's policies for recording, processing, storing and transmitting personal data. Whilst there has been an improvement during the year in the storage of documents, this improvement is not uniform across the Council. Recent audit work has identified some continuing poor practice with the handling of documents and information security. A number of serious breaches have also occurred during the year, including one which was reported to the ICO. The number and type of breaches suggests further improvement is still required.
- **Highways Maintenance Contract** – the Highways Maintenance Contract (HMC) covers the provision of all aspects of the highways service. The service includes highway and bridge maintenance, winter maintenance, maintenance of the County Council's fleet of vehicles, street lighting maintenance, improvement works, gully emptying, grass cutting, emergency provision and surface dressing of the network. The annual value of the contract is approximately £43m. Prior to April 2012, the contract was operated by Balfour Beatty Infrastructure Services. The new contract was awarded to Ringway Infrastructure Services Ltd (Ringway) for 10 years. However, there have been significant performance issues from the start of the contract. This has resulted in the Council reducing the term of the contract to 9 years. Internal audit work during the year shows that progress continues to be made to address the performance and control issues associated with the contract. However, it is still too early to see whether this has resulted in consistently improved outcomes.
- **HAS – new operational systems** - the County Council's previous adult social care systems (AIS and Swift Financials) were replaced at the beginning of 2014/15. The new case management system is supplied and maintained by Liquidlogic Adults. ContrOCC is a separate finance module which is provided and maintained by Oxford Computer Consultants. There is a single contract between the Council and Liquidlogic for both systems. Liquidlogic Adults and ContrOCC are essential systems for the delivery of services. They are also used to process a significant number and value of transactions. Every four weeks approximately £770k is paid to direct payment recipients and £4m to providers of residential care via the systems. A recent audit identified a number of problems with the implementation of the two systems including inadequate user training and project planning, and errors in data migration. A number of control weaknesses were also found including inadequate access controls, verification of payments and reconciliation procedures.

## 8.0 **RECOMMENDATIONS**

### 8.1 Members are asked to:-

- (i) note the overall “Substantial Assurance” opinion of the Head of Internal Audit regarding the overall governance, risk management and control environment within the County Council
- (ii) note the outcome of the quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards
- (iii) note the breaches to Contract and Finance Procedure Rules and the actions taken to address these matters.
- (iv) note the performance outturn for 2014/15 and the performance targets for Veritau for 2015/16.

MAX THOMAS  
Head of Internal Audit

Report prepared and presented by Max Thomas, Head of Internal Audit

Veritau Ltd  
Assurance Services for the Public Sector  
County Hall  
Northallerton

10 June 2015

## OPINIONS ISSUED IN 2014/15

<b>Report</b>	<b>Directorate/Audit Work Area</b>	<b>Opinion</b>	<b>Period Covered</b>
June 2014	Children and Young People's	Substantial	1 March 2013 to 31 May 2014
September 2014	Health and Adult Services	Substantial	1 September 2013 to 31 August 2014
	Computer audit, corporate themes and contracts	Substantial	1 September 2013 to 31 August 2014
December 2014	Business and Environmental Services	Substantial	1 December 2013 to 30 November 2014
March 2015	Central Services	Substantial	1 February 2014 to 31 January 2015
	Counter fraud matters	N/A	1 February 2014 to 31 January 2015



## PERFORMANCE TARGETS 2014/15 OUT-TURN

Target		Actual		
<b>Operational Issues</b>				
1	To deliver 93% of the agreed Internal Audit Plan	30 Apr 2015	96.8% of the agreed Internal Audit plan completed	✓
2	To achieve a positive customer satisfaction rating of 95%	31 Mar 2015	100% customer satisfaction	✓
3	To ensure 95% of Priority 1 recommendations made are agreed	31 Mar 2015	100% of Priority 1 recommendations were agreed.	✓
4	To ensure 95% of FOI requests are answered within the Statutory deadline	31 Mar 2015	97.7% of FOI requests received during the year were responded to within the 20 day deadline.	✓

## PERFORMANCE TARGETS 2015/16

Target		
<b>Operational Issues</b>		
1	To deliver 93% of the agreed Internal Audit Plan.	30 April 2016
2	To achieve a positive customer satisfaction rating of 95%.	31 March 2016
3	To ensure 95% of Priority 1 recommendations made are agreed.	31 March 2016
4	To ensure 95% of FOI requests are answered within the statutory deadline of 20 working days.	31 March 2016

**SIGNIFICANT BREACHES OF CONTRACT PROCEDURE RULES**

The following table summarises the breaches of the Council's Contract Procedure Rules, identified by Veritau during 2014/15:

	<b>Schools 2014/15</b>	Schools 2013/14	Schools 2012/13	<b>Other 2014/15</b>	Other 2013/14	Other 2012/13
Quotations not sought or evidence not retained	3	3	9	2	0	0
Quotation/tender opening and recording procedures incorrect	1	2	11	0	0	0
LMS/CP rules waived but no documented or approved case to justify deviation	0	0	0	0	0	1
Failure to consult with Legal Services re contract conditions and signing and/or failure to obtain appropriate approval to proceed with procurement	1	0	6	0	0	0
Lease for equipment entered into without agreement of Finance	2	0	0	0	0	0
Contract not signed and dated by County Council and contractor	1	0	0	0	0	0
No contract in place or key clauses omitted	1	0	3	0	0	0
Correct procurement process not followed or lack of evidence to confirm	3	1	1	3	0	1
Contract expired but not re-tendered or contracts automatically rolled forward	0	1	1	0	0	0

	<b>Schools 2014/15</b>	Schools 2013/14	Schools 2012/13	<b>Other 2014/15</b>	Other 2013/14	Other 2012/13
Lowest quotation not selected and selection criteria not documented	0	0	0	0	0	0
Inadequate advertising	0	0	0	0	0	0
Scoring mechanism not indicated or not submitted to Veritau (for recording)	3	0	0	0	1	0
Contracts not stored in accordance with CPRs	0	0	0	0	0	0
No financial checks or other requisite checks	0	0	17	0	0	2
Failure to comply with all aspects of Rule 18	0	0	0	0	0	0
Yortender not utilised during procurement process	0	0	0	1	0	0
Inadequate contract monitoring	0	0	0	1	4	3
Cost variation forms not Completed	0	0	0	0	0	0
Issues identified with the Gateway process	0	0	0	0	0	1
<b>TOTALS</b>	<b>15</b>	<b>7</b>	<b>48</b>	<b>7</b>	<b>5</b>	<b>8</b>

## VERITAU

### INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

#### 1.0 Background

##### Ongoing quality assurance arrangements

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards (specifically the Public Sector Internal Audit Standards). These arrangements include:

- the maintenance of a detailed audit procedures manual
- detailed job descriptions and competency profiles for each internal audit post
- regular performance appraisals
- regular 1:2:1 meetings to monitor progress with audit engagements
- training plans and associated training activities
- the maintenance of training records and training evaluation procedures
- agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- the results of all audit testing work documented using the company's automated working paper system (Galileo)
- file review by an audit manager and sign-off of each stage of the audit process
- post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- performance against agreed quality targets reported to each client on a regular basis.

On an ongoing basis, a sample of completed audit files is also subject to internal peer review by a senior audit manager to confirm quality standards are being maintained. The results of this peer review are documented and any key learning points shared with the internal auditors (and the relevant audit manager) concerned.

The Head of Internal Audit will also be informed of any general areas requiring improvement. Appropriate mitigating action will be taken (for example, increased supervision of individual internal auditors or further training).

##### Annual self-assessment

On an annual basis, the Head of Internal Audit will seek feedback from each client on the quality of the overall internal audit service. The Head of Internal Audit will also

update the PSIAS self assessment checklist and obtain evidence to demonstrate conformance with the standards. As part of the annual appraisal process, each internal auditor is also required to assess their current skills and knowledge against the competency profile relevant for their role. Where necessary, further training or support will be provided to address any development needs.

The results of the annual client survey and PSIAS self-assessment are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan and/or individual personal development action plans.

The outcomes from this exercise, including details of the Improvement Action Plan are also reported to each client. The results will also be used to evaluate overall conformance with the PSIAS, the results of which are reported to senior management and the board<sup>1</sup> as part of the annual report of the Head of Internal Audit.

### External assessment

At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client (as set out above). Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.

## **2.0 Customer Satisfaction Survey – 2015**

Feedback on the overall quality of the internal audit service provided to each client was obtained in March 2015. Where relevant, the survey also asked questions about the counter fraud and information governance services provided by Veritau. A total of 103 surveys were issued to senior managers in client organisations. 33 surveys were returned representing a response rate of 32% (2014 - 22%). Respondents were asked to rate the different elements of the audit process, as follows:

- Excellent (1)
- Good (2)
- Satisfactory (3)
- Poor (4)

Respondents were also asked to provide an overall rating for the service.

---

<sup>1</sup> As defined by the relevant audit charter.

The results of the survey are set out in the table below:

	1	2	3	4	N/A
1 The quality of planning and the overall coverage of the audit plan	8	20	3		2
2 The provision of advice and guidance	10	20	3		
3 The conduct and professionalism of audit staff	17	15	1		
4 The ability of audit staff to provide unbiased and objective opinions	11	18	3		1
5 The ability of audit staff to establish a positive rapport with customers	14	16	3		
6 The auditors' overall knowledge of the system / service being audited	5	19	7		2
7 The auditors' ability to focus on the areas of greatest risk	5	16	9		3
8 Agreeing the scope and objectives of the audit	10	16	5		2
9 The auditors' ability to minimise disruption to the service being audited	10	17	3		3
10 The communication of issues found by the auditors during their work	6	23	2		2
11 The quality of feedback at the end of the audit	6	19	4		4
12 The accuracy, format, length and style of audit reports	11	15	3		4
13 The time taken to issue audit reports	7	17	5		4
14 The relevance of audit opinions and conclusions	8	16	5		4
15 The extent to which agreed actions are constructive and practical	8	18	4		3
<b>Overall rating for the Internal Audit services provided by Veritau</b>	8	19	3		3

The overall ratings in 2014 were:

Excellent - 2

Good - 17

Satisfactory - 1

Poor - 0

The feedback is therefore broadly in line with the previous year and suggests that the service continues to be well regarded by clients.

### 3.0 Self Assessment Checklist – 2015

The checklist prepared by CIPFA to enable conformance with the PSIAS and the Local Government Application Note to be assessed was originally completed in March 2014. Documentary evidence was provided where current working practices were considered to fully or partially conform to the standards.

In most areas the current working practices were considered to be at standard. However, a few areas of non-conformance were identified. None of the issues identified were however considered to be significant. In addition, in some cases, the existing arrangements were considered appropriate for the circumstances and hence required no further action.

The checklist has been reviewed and updated in 2015. The following areas of non-conformance remain unchanged:

<u>Conformance with Standard</u>	<u>Current Position</u>
Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the Head of Internal Audit?	The Head of Internal Audit's performance appraisal is the responsibility of the board of directors. The results of the annual customer satisfaction survey exercise are however used to inform the appraisal.
Is feedback sought from the chair of the audit committee for the Head of Internal Audit's performance appraisal?	See above
Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the audit committee before the engagement was accepted?	Consultancy services are usually commissioned by the relevant client officer (generally the s151 officer). The scope (and charging arrangements) for any specific engagement will be agreed by the Head of Internal Audit and the



<u>Conformance with Standard</u>	<u>Current Position</u>
	relevant client officer. Engagements will not be accepted if there is any actual or perceived conflict of interest, or which might otherwise be detrimental to the reputation of Veritau.
Does the risk-based plan set out the - (b) respective priorities of those pieces of audit work?	Audit plans detail the work to be carried out and the estimated time requirement. The relative priority of each assignment will be considered before any subsequent changes are made to plans. Any significant changes to the plan will need to be discussed and agreed with the respective client officers (and reported to the audit committee).
Are consulting engagements that have been accepted included in the risk-based plan?	Consulting engagements are commissioned and agreed separately.
Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	Whilst reliance may be placed on other sources of assurances there is no formal process to identify and assess such sources. However, assurance mapping will be used where appropriate and audit plans will highlight where other sources of assurance are being relied upon.

#### **4.0 External Assessment**

As noted above, the PSIAS require the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

Whilst the new Standards were only adopted in April 2013, the decision was taken to request an assessment at the earliest opportunity in order to provide assurance to our clients. The assessment was conducted by Gerry Cox and Ian Baker from the South West Audit Partnership (SWAP) in April 2014. Both Gerry and Ian are experienced internal audit professionals. The Partnership is a similar local authority controlled company providing internal audit services to over 12 local authorities (including county, unitary and district councils across Somerset, Wiltshire and Dorset). The Partnership was established in 2005 and currently employs over 60 members of staff.

The assessment consisted of a review of documentary evidence, including the self-assessment, and face to face interviews with a number of senior client officers and Veritau auditors. The assessors also interviewed an audit committee chair.

The conclusion from the external assessment was that working practices conform to the required professional standards. Copies of the detailed assessment report were provided to client organisations and, where appropriate, reported to the relevant audit committee.

## 5.0 Improvement Action Plan

The quality assurance process has identified the need to make the following changes and improvements to working practices:

<b>Change / improvement</b>	<b>Target completion date</b>
The standard specification template will be updated to ensure that the expectations on Veritau and the relevant client organisation in terms of access to records and the distribution of reports (including the extent of any duty of care provided to third parties) are fully understood. Where appropriate, information sharing agreements will also be established with client organisations.	30 June 2015
Checklists will be provided to assist auditors ensure all stages of the audit process are fully completed on Galileo.	30 September 2015
Templates for 'non-standard' reports (for example – consultancy, fraud and special assignments) will be developed.	31 December 2015