

Appendix 5: Compliance with the UK Public Sector Internal Audit Standards 2016/17 Action Plan

	Action		Evidence / Comment	Action Required	Current Status / Action Date
3	Attribute Standards				
3.3	1200 Proficiency and Due Professional Care				
	<i>1230 Continuing Professional Development</i>				
B4 / C45	<p>Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>c) Continually improving their proficiency and effectiveness and quality of their services, for example through Continued Professional Development (CPD) schemes?</p> <p>Do internal auditors undertake a programme of continuing professional development?</p>	P	<p>All staff should have training and development programmes that, where necessary, comply with professional institute requirements.</p> <p>Because of management capacity issues, the Head of Internal Audit and Audit Manager have had limited professional development over the last 18 months.</p> <p>This won't be resolved until additional in-house resources are recruited.</p>	<p>Continue with the recruitment programme for professional audit staff during 2017/18.</p> <p>Create and then recruit to the Business Support function that will support both the Internal Audit and Counter Fraud & Investigation Directorate.</p>	<p>An Audit Manager will start in July 2017.</p> <p>In May, the team is advertising for:</p> <ul style="list-style-type: none"> • a graduate to start in Sept 2017 • either an auditor or part qualified auditor. <p>In Sept, the team will look to recruit a senior auditor.</p> <p>The Business Support Manager returns from maternity leave in July 2017. Her first task is to develop a structure for the new team and then recruit to any vacant posts.</p>

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3.4	1300 Quality Assurance and Improvement Programme (QAIP)				
C48	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	Y	<p>Issues arising from file reviews or stakeholder surveys are evaluated and appropriate training / development put in place to address any issues.</p> <p>Because of resource constraints, no cold file reviews have been completed this year.</p>	Re-introduce cold file reviews when more fully staffed and include a sample of contractor files.	2018/19 Audit Plan.
	1311 Internal Assessments				
C54 LGAN	Does on-going performance monitoring include comprehensive performance targets?	P	<p>The service has team performance targets which are reported to each Audit Committee as set out in the Strategy.</p> <p>Because the service is substantially contracted out, the targets monitored have changed to reflect this.</p>	Reinstate a full set off performance indicators once the team is more fully resourced with in-house staff (as set out in the 2016/17 Strategy).	To be determined.
C58	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices?	P	<p>The internal self assessments have not been independently reviewed for a few years now. But these reviews were completed by Heads of Internal Audit or Finance Directors.</p> <p>The team will reinstate this after the external independent review has been undertaken.</p>	Reinstate periodic independent review of the self assessment every other year.	July to Sept 2019

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	1312 External Assessments				
C60 to C68	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	N	This is being commissioned to be completed between Jul and Sept 2017.	Determine the approach to be adopted to undertaking the external assessment. Present a report to the Audit Committee on the proposals for the external review.	June 2017
4	Performance Standards				
4.1	2000 Managing the Internal Audit Activity				
	2010 Planning				
D13 LGAN	Does the risk-based plan differentiate between audit and other types of work?	Y	The audit plan does separate work between types of activity e.g. risk based or financial systems work. But it does not always break down time allocated to an audit between pure audit work; and advice and support.	Consider how to split out time allocated to a review on: <ul style="list-style-type: none"> • pure audit work • advice and support when producing the action plan. 	31 March 2018
D20	Does the HoIA identify and consider the expectations of senior management, the board and the other stakeholders for internal audit opinions and any other conclusions?	Y	The team reported to senior management and the Audit Committee when it changed from three to the current four audit opinions. However, there is a need to be able to more clearly explain to services the factors taken into account when determining the audit opinion on a review.	Update the opinion summary contained within the Audit Manual. Produce a version that can be shared with services to explain how judgements are made on the opinion to be given on each audit.	June 2017

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	2030 Resource Management				
D27 LGAN / D56	Has the HoIA planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time? Does the engagement plan include its objectives, scope, timing and resource allocation?	Y	The provisional timing of audits is discussed with senior management when the proposed Audit Plan is considered. However, more regular contact is required with Group Managers to discuss the delivery of work throughout the year.	When resources allow, arrange more regular meetings with individual Group Managers as required, to help progress work in the Audit Plan.	To be determined
	2040 Policies and Procedures				
D29	Has the HoIA developed and put into place policies and procedures to guide the internal audit activity?	Y	There is an Audit Manual which supports the Charter and the Strategy and is designed to comply with the requirements of the Standards. It was fundamentally reviewed in the summer of 2015 to ensure compliance with the standards. The audit approach is discussed regularly at team meetings. Documents are updated or training arranged as required. However, it needs updating when resources are available to do so.	Refresh the Audit Manual and supporting forms to reflect: <ul style="list-style-type: none"> • updates in the Standards • current working practices • any issues arising from the independent external assessment. 	31 March 2018
D30 LGAN	Has the HoIA established policies and procedures to guide staff in performing their duties in a manner that conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.	Y			
D31 LGAN	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	P			

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4.2	2100 Nature of Work				
	2110 Governance				
D42 / D44 / D49	Does the internal audit activity: a) Promote appropriate ethics and values within the organisation? Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness of the Council's ethics-related objectives, programmes and activities?	Y	Ethical governance is a potential audit area included in the risk assessment. It was reviewed in 2014/15 and subsequently followed up. Financial systems reviews in 2015/16 considered whether staff were declaring interests and then these were appropriately managed.	Assess whether an ethical governance audit should be included in 2018/19 Audit Plan. Complete an assessment of compliance with the Fighting Fraud & Corruption Locally framework which also covers many of the same areas.	February 2018 September 2017
4.3	2200 Engagement Planning				
	2210 Engagement Objectives				
D65 / D66	Have internal auditors ascertained whether management and / or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished? If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	Y	These would be considerations when completing: <ul style="list-style-type: none"> • Audit Risk Assessment • Audit Research and Planning Form • Terms of Reference • Control Evaluation Form. 	Make sure these links within the Audit Manual are clear as well as through out the documentation.	31 March 2018

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4.4	2300 Performing the Engagement				
	2330 Documenting Information				
D93	Has the HoIA developed and implemented retention requirements for all types of engagement records?	P	Document retention requirements have been defined in line with good practice guidance. This is part of the Audit Manual.	Set up a project to check all files and destroy whatever is necessary to comply with the Retention Policy.	31 March 2018
4.5	2400 Communicating Results				
	2410 Criteria for Communicating				
D99 LGAN	Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	Y	All draft reports should be discussed with the relevant Group Manager, Director and Deputy or Chief Executive. The stakeholder surveys identified contractors were not always meeting with officers to do this.	Include an instruction in the operational protocol that meetings should always be held to: <ul style="list-style-type: none"> • feedback findings at the conclusion of fieldwork • discuss the draft report. 	June 2017
D104 LGAN	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment?	Y	Whilst the reporting style of the team complies with this, clearer links could be made to any underlying issues with the Council's governance arrangements.	Reassess the reporting templates as part of updating the Audit Manual, to see how underlying issues with the Council's governance arrangements could be highlighted.	31 March 2018

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2420 Quality of Communications					
D110	Are communications: g) Timely?	P	There are significant issues with the team providing timely reports due the lack of management capacity.	Build in triggers into the audit manual that remind staff to keep clients informed of when reports can be expected and if they are delays in producing them.	June 2017
				Reinstate target for issuing draft reports once the team is more fully resourced.	2018/19.
4.6	2500 Monitoring Progress				
D126	Has the HoIA established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?	Y	Minimal and partial opinion reports are revisited by internal audit when all the actions should have been implemented. The implementation of action plans with high or satisfactory opinions is signed off by management.	Introduce the process for management to provide the Audit Committee with this assurance for reports with high and satisfactory audit opinions.	March 2018