

### Appendix 3: Compliance with the UK Public Sector Internal Audit Standards 2014/15 Action Plan as at May 2016

Ref	Standard	Evidence / Comment	Action Required	Current Status	
<b>3</b>	<b>Attribute Standards</b>				
<b>3.1</b>	<b>1000 Purpose, Authority and Responsibility</b>				
C3 (new)	Does the internal audit charter also:				
	<ul style="list-style-type: none"> <li>• establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?</li> <li>• identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the Accounts and Audit (England) Regulations 2011?</li> </ul>	Y	It does but it refers to the previous Accounts and Audit (England) Regulations 2011.	Update the Charter in Jan 2016 to reflect the wording of the Accounts and Audit Regulations 2015.	Updated Charter approved by the Audit Committee in March 2016.
	<b>1120 Individual Objectivity</b>				
C20 (new)	Do internal auditors avoid any conflict of interest, whether apparent or actual?	Y	See the ethical governance statement template.	Include a requirement for auditors to confirm there is no conflict of interest on the Audit Management Checklist.	Amendment made.  This will be applied to all 2016/17 audits.
	<b>1130 Impairment to Independence or Objectivity</b>				
C29 (new)	Have internal auditors complied with the Bribery Act 2010?	Y	The actions required to comply with this are included in the Council's Anti Fraud & Corruption Policy and Strategy which staff are aware of.	Make specific reference to this in the team's ethical standards statement.	Amendment made.  This will be applied to all 2016/17 audits.

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<b>3.3</b>	<b>1200 Proficiency and Due Professional Care</b>				
	<b>1210 Proficiency</b>				
C35 LGAN	Does the Head of Internal Audit (HoIA) ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	Y	Last reviewed and job evaluated in October 2012.	Re-assess relevance of job profiles as part of the service review to be completed this in the summer 2015.	<b>Outstanding as the service review has yet to be completed.</b>
	<b>1220 Due Professional Care</b>				
C41	Do internal auditors exercise due professional care by considering the:  c) Adequacy and effectiveness of governance, risk management and control processes?	Y	This was set out in the Terms of Reference and now the Charter.	Assess whether the audit approach in the Audit Manual sufficiently covers the role of internal audit in assessing the adequacy of risk management processes when undertaking audits.	The Audit Manual does cover this.
<b>3.4</b>	<b>1300 Quality Assurance and Improvement Programme</b>				
	<b>1311 Internal Assessments</b>				
C57 LGAN	Does ongoing performance monitoring include obtaining stakeholder feedback?	Y	Client satisfaction surveys are sent out at the end of each assignment. The results of this are reported upon to each Audit Committee meeting as part of the team's suite of performance indicators.	Develop a short service survey for completion periodically by senior management and the Audit Committee.	The new stakeholder survey approach was piloted between Jan and Mar 2016.  This will be applied fully to the 2016/17 Audit Plan.

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<b>1312 External Assessments</b>					
C61 LGAN	Has the HoIA considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?	Y	<p>The last external assessment by external audit against the CIPFA Code of Practice for Internal Audit in LG in the UK covered the year ended 31 March 2011.</p> <p>To date, the HoIA has completed the assessment, and sometimes has provided it with supporting evidence for someone independent of the service to assess.</p> <p>However the other option is to opt for a full external assessment by a suitably qualified person.</p> <p>The assessment must take place within 5 years of the UK Public Section Internal Audit Standards (Standards) coming into force i.e. April 2013.</p>	Decide on the approach to be adopted with senior management and the Audit Committee when the assessment is due.	<b>This needs to be completed before 31 March 2018.</b>

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<b>4</b>	<b>Performance Standards</b>				
<b>4.1</b>	<b>2000 Managing the Internal Audit Activity</b>				
<b><i>2040 Policies and Procedures</i></b>					
D31 LGAN	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	Y	<p>The Charter and Strategy are reviewed annually and presented to senior management and the Audit Committee with the Audit Plan.</p> <p>The adequacy of the audit approach was assessed as part of the external audit review of the service in 2010/11.</p> <p>It has not changed significantly since then although it is continually developed.</p>	Assess whether the Audit Manual is still fit for purpose taking into account the new Standards.	The Audit Manual was reviewed in July 2015 to ensure compliance with the PSIAS.
<b><i>2050 Coordination</i></b>					
D32	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?	Y	This is not explicitly stated in any of the audit documents / approach but it is the approach auditors would take should the opportunity arise to do so.	Document the approach in the Audit Manual that auditors should take when undertaking an audit to identify and assess the level of assurance that can be provided by other sources and how this can be used.	<p>In reality, this is dealt with at Audit Planning stage when any other assurance available to auditors is identified, assessed and if necessary turned into an audit – refer to the Strategy.</p> <p>The relevant approach would then be applied from the Audit Manual.</p>

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<b>4.2</b>	<b>2100 Nature of Work</b>				
	<b>2110 Governance</b>				
D44	Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	Y	The design of the Council's ethical governance framework was completed in 2014/15.  The other aspects of this requirement do form part of the Council's audit risk assessment	Plan to cover the other aspects of ethical governance in the 2016/17 Audit Plan.	All 2015/16 financial system audits included an assessment of whether declarations of interest were being appropriately recorded and acted upon this year.
	<b>2120 Risk Management</b>				
D47	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes	Y	This is an entity in the audit risk assessment.  Elements of this have been reviewed over the last couple of years e.g. risks in corporate reports.  It is also considered as part of individual audit reviews.  The Risk Management Strategy and Toolkit has been updated and taken to the June 2015 Audit Committee.	Evaluate the effectiveness of the updated arrangements as part of the 2016/17 Audit Plan.	A risk management review has been undertaken during 2015/16.

<b>4.5</b>	<b>2400 Communicating Results</b>
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<b>2431 Engagement Disclosure of Non Conformance</b>					
D113	Where any non-conformance with the Standards has impacted on a specific engagement, do the communication of the results disclose the following:  a) The principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved?  b) The reason(s) for non-conformance?  c) The impact of non-conformance on the engagement and the engagement results?	Y	This has not been an issue to date but this information would be disclosed.  However the action to be taken should this arise is not formally set out in any team documentation.	Build the requirement to disclose non-conformance with the Standards into the: <ul style="list-style-type: none"> <li>• Audit Manual</li> <li>• report templates used.</li> </ul>	<b>Outstanding.</b> <b>Will review during 2016/17.</b>

Key: Y= Yes, P = Partial, N = No