

Appendix 5: UK Public Sector Internal Audit Standards, Outstanding Actions

Ref	Standard	Evidence / Comment	Action Required	Current Status	
3	ATTRIBUTE STANDARDS				
3.1	1000 Purpose, Authority and Responsibility				
C3	Does the internal audit charter also:				
	b) Establish the Head of Internal Auditor's (HoIA) functional reporting relationship with the Audit Committee?	Y	See section in the Charter on Reporting Lines and Relationships.	Assess whether the Audit Committee (AC) Terms of Reference still complies with the PSIAS and updated new CIPFA Audit Committee guidance.	The Terms of Reference will be reviewed by March 2015.
3.3	1200 Proficiency and Due Professional Care				
	1210 Proficiency				
C38	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	Y	Auditors do have the skills to evaluate the risk of fraud and one of the team now has a BTEC Level 7 Advanced Professional Certificate in Investigative Practice.	Assess whether the audit approach in the Audit Manual sufficiently covers the role of internal audit in terms of identifying and ensuring adequate control of fraud risks when undertaking audits.	Fraud risks were identified in the 2014/15 Audit Plan approved by the March 2014 Audit Committee. Audit Manual update due to be completed by 31March 2015.
	1220 Due Professional Care				
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.	Audit Manual update due to be completed by 31March 2015.

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3.4	1300 Quality Assurance and Improvement Programme				
C57 LGA N	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 AC 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.	Will develop as part of the Audit Manual update due to be completed by 31 March 2015.
	1312 External Assessments				
C61 LGA N	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 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 PSIAS coming into force i.e. April 2013.</p>	Decide on the approach to be adopted with the Head of Finance & Resources and Chief Executive when the next assessment is due.	<p>This needs to be completed before 31 March 2018.</p> <p>Consideration is being given to commissioning an external assessment in 2015/16.</p>

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1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing' & 1322 Disclosure of Non-conformance					
C71, C72, C73	<p>Has the HoIA stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?</p> <p>Has the HoIA reported any instances of non-conformance with the PSIAS to the Audit Committee?</p> <p>Has the HoIA considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?</p>		These are new requirements.	Evaluate how to comply with the requirement to report any instances of non-conformance with the PSIAS to the Audit Committee once further guidance on this becomes available.	<p>This guidance is starting to be issued now.</p> <p>The implications of such guidance will be evaluated and acted upon as required.</p>
4	PERFORMANCE STANDARDS				
4.1	2000 Managing the Internal Audit Activity				
2010 Planning					
D10	In developing the risk-based plan, has the HoIA taken into account the organisation's risk management framework and relative risk maturity of the organisation?	Y	<p>The risk management framework is considered.</p> <p>Work is underway to develop and risk appetite and tolerance approach that can be integrated in the framework.</p>	<p>Organise the initial training session for key officers regarding risk appetite and tolerance.</p> <p>Develop and integrate the approach into the Council's risk management framework in a practical and pragmatic manner.</p>	<p>Risk Appetite and Tolerance workshop delivered on 16 December 2013.</p> <p>Senior Leadership Team session delivered March 2014.</p> <p>The Policy and Governance Manager is updating the risk framework.</p>

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	2040 Policies and Procedures				
D31 LGA N	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	Y	<p>Until 2013/14 the Strategy was reviewed annually and presented to management and the AC 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 PSIAS.	Audit Manual update due to be completed by 31March 2015.
	2050 Coordination				
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?	N	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.	Audit Manual update due to be completed by 31March 2015.
D33 LGA N	Has the HoIA carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	N	This work has not been undertaken at the Council although the Head of Internal Audit is aware of the work of the Good Governance Group.	<p>See D7</p> <p>Establish the key strategic aspects of the Council's assurance framework.</p> <p>Evaluate their effectiveness and reliance that can be placed on them for audit purposes.</p>	<p>Aspects of this will be evaluated and reported on over the coming year.</p> <p>A draft report has been produced on Officer Groups.</p>

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	2110 Governance				
D42	Does the internal audit activity: a) Promote appropriate ethics and values within the organisation?	N	<p>This is a new requirement.</p> <p>Many of the processes required to ensure this are covered by the Fighting Fraud Locally framework which the Council is aiming to comply with.</p> <p>To date, this has not been a standard audit in the governance part of the Audit Plan.</p>	<p>Include an audit activity in the Audit Plan regarding evaluating the design, implementation and effectiveness of the Council's ethics-related objectives, programmes and activities.</p>	<p>Terms of Reference agreed.</p> <p>Work planned to start in December 2014.</p>
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?				
	2120 Risk Management				
D47	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that: a) Organisational objectives support and align with the organisation's mission? b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation's risk appetite?	N	<p>Not recently.</p> <p>A high level self assessment of compliance with the ALARM / CIPFA good practice guidance was completed during 2013/14 to assess potential areas for further investigation.</p> <p>In 2013/14, an audit was undertaken of how well risks are evaluated and reported upon in reports that go to CMT or any member committee / group.</p>	<p>Complete an assessment against the ALARM / CIPFA good practice guidance and consider the outcome when producing the 2015/16 Audit Plan.</p>	<p>The intention is complete this assessment by 31 March 2015.</p>

Appendix 5: UK Public Sector Internal Audit Standards, Outstanding Actions

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	d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?				
4.3	2200 Engagement Planning				
D57	Do internal auditors consider the following in planning an engagement, and is this documented: a) the objectives of the activity being reviewed? d) the activity's resources?	P	Whilst they would be considered, if relevant, they may not always be clearly documented as such.	Amend the audit approach in the Audit Manual where required to include all the areas that should be considered when planning an engagement.	Audit Manual update due to be completed by 31March 2015.
	2210 Engagement Objectives				
D64 to D68	Does the auditor consider the following when preparing engagement objectives: <ul style="list-style-type: none"> • fraud, error and non-compliance risks • performance management arrangements • governance, risk management and control arrangements • value for money arrangements. 	Y	All of these areas would be considered when researching an area to audit. They would be included in the Terms of Reference if they were relevant to the focus of the audit.	See C38 and D31.	

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2431 Engagement Disclosure of Non Conformance					
D113	<p>Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following:</p> <p>a) The principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved?</p> <p>b) The reason(s) for non-conformance?</p> <p>c) The impact of non-conformance on the engagement and the engagement results?</p>	N	This is a new requirement.	<p>Build the requirement to disclose non-conformance with the PSIAS into the:</p> <ul style="list-style-type: none"> • Audit Manual • report templates used. 	Audit Manual update due to be completed by 31March 2015.
D125	Does the annual report incorporate the following:				
LGA N	<p>h) The results of the Quality Audit and Improvement Programme (QAIP)?</p> <p>i) Progress against any improvement plans resulting from the QAIP?</p>	P	<p>The annual report for 2012/13 concluded there was sufficient evidence to demonstrate professional standards had been adhered to.</p> <p>A summary of the assessment undertaken and the resulting action plan were not included in the 2012/13 annual report, although they have been in previous years.</p>	Provide the AC with a mid-year report on the progress made in implementing actions contained in the team's improvement plan.	Delivered January 2015 Audit Committee.