

# Public Sector Internal Audit Standards / Quality Assurance & Improvement Programme



## Cabinet Member for Finance & Commissioning

Date:	20 July 2023
Agenda Item:	
Contact Officer:	Andrew Wood
Tel Number:	01543 308030
Email:	andrew.wood@lichfielddc.gov.uk
Key Decision?	No
Local Ward Members	Full Council

## Audit and Member Standards Committee

## 1. Executive Summary

- 1.1 To report to the Audit & Member Standards Committee on Internal Audit's compliance with the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance & Improvement Programme (QAIP). In addition to provide an update to the Committee on the External Quality Assessment Action Plan for 2023/24.

## 2. Recommendations

- 2.1 That the Committee notes Internal Audit's compliance with the PSIAS (**Appendix 1**), QAIP (**Appendix 2**) and External Quality Assessment Action Plan (**Appendix 3**).

## 3. Background

- 3.1 PSIAS has been in place since April 2013. Internal Audit's compliance with the PSIAS is required under the Accounts & Audit Regulations 2015. The PSIAS require that Internal Audit comply with professional best practice and assess themselves against the requirements on annual basis and that an External Quality Assessment (EQA) should be completed at least every 5 years.
- 3.2 An EQA was last completed in January 2023 and reported to this committee on 23<sup>rd</sup> March 2023. The self-assessment takes into account the findings of the EQA and has been linked to the agreed EQA Action Plan. An overview of compliance is attached at **Appendix 1** which shows that Internal Audit operations have been self-assessed as generally conforming to the standards. Confirmation has also been obtained on conformance against the PSIAS from third parties (BDO and E-Tec Business Services) who have delivered audit engagements on behalf of the Council.
- 3.2 Part of the requirement of the PSIAS is for the 'Chief Audit Executive' to develop a QAIP. Under the QAIP, quality should be assessed at both individual audit engagement level as well as a broader operational level. A well-developed QAIP is to ensure quality is built in to, rather than on to, the way Internal Audit operates. Following the recent EQA the QAIP has been fully reviewed and specifically updated in the following areas;
  - Confirmation annually that all QAIP measures have been operated correctly;

- Summarise any outcomes influencing future development of the e within the Audit Manager’s Annual Report; and
- Ensure that training records are maintained and used to inform the QAIP.

3.3 Attached as **Appendix 2** is the Quality Assurance & Improvement Programme (QAIP). From the areas identified above ongoing actions will be required to be implemented during 2023/24 and these have been linked into the EQA Action Plan for 2023/24 **Appendix 3**.

3.4 The EQA Action Plan for 2023/24 was developed in consultation with the Section 151 Officers at both Lichfield District and Tamworth Borough Councils. A number of these actions have been completed. The recommendations raised were categorised as being either ‘Review’ or ‘Consider’, as of 30<sup>th</sup> June 2023 we have achieved the following completion rates;

Priority	Completed recommendations	Ongoing and in progress recommendations
Review	3	4
Consider	3	2
%	50%	50%

The review also suggested enhancements to the service and as of 30<sup>th</sup> June 2023 we have achieved the following completion rates;

Completed recommendations	Ongoing and in progress recommendations
2	4
33%	67%

We will continue to review the Action Plan and report this quarterly to this committee ensure oversight and assurance that all actions are completed by 31<sup>st</sup> March 2024.

Alternative Options	There are no alternative options.
Consultation	The Council’s Section 151 Officer has been consulted on the EQA, PSIAS and QAIP.
Financial Implications	None, EQA from existing budgets. objectives.

Approved by Section 151 Officer	Yes
---------------------------------	-----

Legal Implications	None identified.
--------------------	------------------

Approved by Monitoring Officer	Yes
--------------------------------	-----

Contribution to the Delivery of the Strategic Plan	Delivery of an effective internal audit contributes to all aspects of the Council's Strategic Plan.
--	---

Equality, Diversity and Human Rights Implications	None.
---	-------

Crime & Safety Issues	None.
-----------------------	-------

Environmental Impact	None.
----------------------	-------

GDPR/Privacy Impact Assessment	None required.
--------------------------------	----------------

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	<p>Significant / high risk of non compliance with the PSIAS which leads to non compliance with the Accounts &amp; Audit Regulations.</p> <p>Audit Manager (Shared Service) / Assistant Director Finance &amp; Commissioning – Section 151 Officer.</p>	<p>Likelihood: Green Impact: Red Severity: Red</p>	<p>Regular review of the WQAIP to ensure full compliance with the PSIAS.</p> <p>External Quality Assessment against standards every 5 years and annual self-assessment.</p>	<p>Likelihood: Green Impact: Yellow Severity: Green</p>

Background documents	Public Sector Internal Audit Standards
----------------------	--

Relevant web links	<a href="https://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards">https://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards</a>
--------------------	---

## Public Sector Internal Audit Standards Compliance Overview

### Mission Statement, Definition of Internal Auditing and Code of Ethics

Mission Statement & Definition of Internal Auditing



Integrity



Objectivity



Confidentiality



Competency



### Performance Standards

#### 1000 – 1322 Attribute Standards

#### 1000 – 1110 Purpose, Authority and responsibility







Purpose, Authority, and Responsibility






Recognising Mandatory Guidance in the Internal Audit Charter






1110 – 1130 Independence and Objectivity

Organisational Independence	
Independence and Objectivity	
Direct Interaction with the Board	
Chief Audit Executive Roles Beyond Internal Auditing	
Individual Objectivity	
Impairment to Independence or Objectivity	

1210 – 1230 Proficiency and Due Professional Care

Proficiency	
Due Professional Care	
Continuing Professional Development	

1300 – 1322 Quality Assurance and Improvement Programme (QAIP)

Quality Assurance and Improvement Programme (QAIP)	
Requirements of the Quality Assurance and Improvement Programme	
Internal Assessments	

External Assessments



Reporting on the Quality Assurance and Improvement Programme



Use of Conforms with the International Standards for the Professional Practice of Internal Auditing



Disclosure of Non-conformance



2000 – 2600 Performance Standards

2000 – 2060 Managing the Internal Audit Activity

Managing the Internal Audit Activity



Planning



Communication and Approval



Resource Management



Policies and Procedures



Coordination



Reporting to Senior Management and the Board



2070 External Service Provider and Organisational Responsibility for Internal Audit

External Service Provider and Organisational Responsibility for Internal Audit



2100 – 2130 Nature of Work

Nature of Work



Governance



Risk Management



Control



2200 – 2240 Engagement Planning

Engagement Planning



Planning Considerations



Engagement Objectives



Engagement Scope




Engagement Resource Allocation



Engagement Work Programme



2300 – 2340 Performing the Engagement

Performing the Engagement	
Identifying Information	



Analysis and Evaluation



Documenting Information



Engagement Supervision



2400 – 2440 Communicating Results

Communicating the Results



Criteria for Communicating



Qualities of Communications



Errors and Omissions



Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"



Engagement Disclosure of Non-conformance



Disseminating Results



2450 Overall Opinions

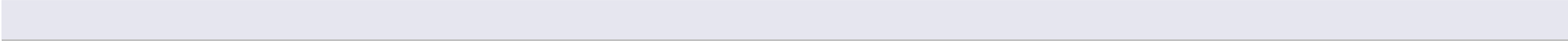
Overall Opinions



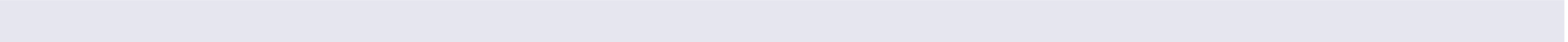
2500 Monitoring Progress



Monitoring Progress



2600 Communicating the Acceptance of Risks



Communicating the Acceptance of Risks



## Internal Audit Quality Assurance & Improvement Programme

### 1 Introduction

Internal Audit's Quality Assurance Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders (the Board, Senior Management, the External Auditor and Operational Managers etc) that Internal Audit:

- conforms with the Definition of Internal Auditing, the Code of Ethics and the Standards;
- has an adequate Internal Audit Activity's Charter, Goals, Objectives, Policies and Procedures;
- contributes to the organisations governance, risk management and control processes;
- has complete coverage of the audit universe;
- complies with applicable laws, regulations and other standards that the internal audit activity may be subject to;
- has identified the risks affecting the operation of the internal audit activity itself;
- has an effective continuous improvement activity in place and adopts best practice; and
- adds value to improve the organisations operations and contributes the attainment of the organisations objectives.

The Chief Audit Executive (CAE), who at the Council is the Audit Manager, is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consultancy and those engagements delivered by a third party. The QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least once every five years.

The QAIP is reviewed on an annual basis.

### 2 Internal Assessments

Internal Assessments are made up of both ongoing reviews and periodic reviews.

#### Ongoing reviews

Ongoing reviews provide assurance that the processes in place are working effectively to ensure that quality is delivered on an audit by audit basis. This includes continuous monitoring of:

- Engagement planning and supervision (preapproval of the audit scope, innovative best practices, budgeted hours, and assigned staff).
- Standard working practices (including working paper procedures, sign off, report review, checklists to ensure that the audit process has been followed).
- Feedback from other clients and stakeholders.
- Analysing performance metrics to measure audit plan completion and stakeholder value.

#### Periodic reviews

Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, Definition of Internal Auditing, the Code of Ethics, the quality of the audit work and supervision, policies and procedures supporting the internal audit activity, the added value to the organisation and the achievement of performance standards.

Periodic assessments will be conducted through:

- Working paper reviews for conformance to the definition of Internal Auditing, the Code of Ethics, the Standards, and internal audit policies and procedures
- Self-assessment of the internal audit activity with objectives established as part of the QAIP components – Governance, Professional Practice and Communication
- Review of internal audit performance measure and benchmarking of best practices. Periodic activity and performance reporting to the board and other stakeholders as deemed necessary.
- Annual self-review of conformance to the PSIAS.
- Annual review of performance in the form of KPI's, resources, skills and training requirements.

The periodic self-assessment should identify the quality of ongoing performance and opportunities for improvement and to check and validate the objectives and criteria used in the QAIP. The self-assessment will be completed on an annual basis and the results reported to the Board and Senior Management.

### **3 External Assessment**

The External Assessment will consist of a broad scope of coverage that includes the following .

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and internal audit's Charter, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements.
- Expectations of Internal Audit as expressed by the Board and Senior Management.
- Integration of the Internal Audit activity into the governance process.
- The mix of staff knowledge, experiences, and disciplines, including use of tools and techniques, and process improvements.
- A determination whether Internal Audit adds value and improves the Council's operations.

An external assessment will be conducted every five years by a qualified, independent assessor from outside the Council. The assessment will be in the form of a full external assessment, or a self-assessment with independent external validation. The format of the external assessment will be agreed with the Board.

### **4 Assessment scale**

The scale to assess the level of conformance of the Internal Audit activity with the standards is as follows:

Generally Conforms/Partially Conforms/Does Not Conform  
(IIA Quality Assessment Manual Scale)

### **5 Reporting on the Quality Programme**

Internal Assessments – reported to the Board and Senior Management on an annual basis. The internal assessment report will be accompanied by a written action plan in response to significant findings and recommendation contained in the report.

External Assessments – reported to the Board and Senior Management. The external assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.

Follow up – The CAE will implement appropriate follow up actions to ensure that recommendations made in the reports and action plans developed are implemented in a reasonable timeframe.

<b>Quality Assurance &amp; Improvement Programme</b>			
<b>Ongoing Monitoring of Performance</b>			
<b>Activity</b>	<b>Frequency</b>	<b>Responsibility</b>	<b>Reporting</b>
Review of the audit universe to ensure complete	Annual	Audit Manager	N/A
Identification of risks affecting the operation of the Internal Audit Service	Quarterly	Audit Manager	N/A
Review of audit engagements	Each engagement	Audit Manager / Where audit engagements are delivered by a third party, their Quality Review processes will be used, with all final reports requiring CAE sign off.	N/A
Progress against the audit plan	Quarterly	Audit Manager	Quarterly report to Audit & Member Standards Committee
Progress against Key Performance Indicators	Quarterly	Audit Manager	Quarterly report to Audit & Member Standards Committee
Discuss performance of internal audit activity	Monthly	Audit Manager and Chief Executive	Annual report to Audit & Member Standards Committee
Customer survey/questionnaire	For each engagement	Audit Manager	Annual report to Audit & Member Standards Committee
Review of Internal Audit Charter, goals, policies & procedures	Annual	Audit Manager	Annual report to Audit & Member Standards Committee
Personal Development Review	Annual	Appropriate line manager	Documentation to HR
Continuous improvement activity and adoption of best practice	Continuous	Audit Manager	Annual report to the Audit & Member Standards Committee

Identification of added value to the authority's operations	Continuous	Audit Manager	Annual report to the Audit & Member Standards Committee
<b>Periodic Self Assessments</b>			
Self-assessment against the Public Sector Internal Audit Standards (PSIAS)	Annual	Audit Manager	Annual report to the Audit & Member Standards Committee
Compliance with applicable laws, regulations and other standards that the Internal Audit activity may be subject to	Continuous review	Audit Manager	Report to Audit & Member Standards Committee when applicable
Benchmarking review of Internal Audit Services	When practical	Audit Manager	Report to Audit & Member Standards Committee
Reviews of KPI's skills and training requirements	Annual	Audit Manager	Report as part of QAIP annually to Audit & Member Standards Committee.
<b>External Assessments</b>			
Assessment against the PSIAS	Every 5 years	Audit Manager and external reviewer	Report to the Audit & Member Standards Committee
PSIAS EQA Action Plan	Quarterly	Audit Manager	Report to the Audit & Member Standards Committee

## External Quality Assessment Action Plan

	Priority	Issue Identified	Recommended Action	Management response	Officer responsible/ timescale	Status
1.	Review	<p><b>Internal Audit Charter (IAC)</b> The IAC is comprehensive regarding engagement reports however does not contain details of the requirement for the Chief Audit Executive (CAE) to deliver an Annual Report including an opinion in relation to risk management, governance and control.</p>	<p>Include an appropriate statement in the Internal Charter with regard to the provision of an Annual Report and align this with regard to the benefit of aligning the internal audit planning process with a continuous assessment of the risk environment faced by each client, in order to support the provision of the annual opinion regarding risk management, governance and control.</p> <p>. <b>PSIAS 1000</b></p>	<p>Agreed.</p> <p>To be implemented via a review of Internal Audit Charters for 2023/24.</p> <p>This will improve wider outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.</p>	<p>Audit Manager</p> <p>May 2023</p>	Completed as part of the Internal Audit Charter update for 2023/24
2.	Review	<p><b>Performance appraisal</b> The self-assessment identified that the CAE's appraisal which is undertaken by the Chief Executive at Tamworth Borough Council (TBC) has not taken place. A new appraisal process is to be introduced at Lichfield District Council (LDC).</p> <p>.</p>	<p>Ensure that a robust performance appraisal process is in place within the Internal Audit Team With regard to the Audit Manager consider Inviting observations from both Chairs of Audit Committee in advance of the performance appraisal, as this would provide valuable client feedback and reflect best practice.</p> <p>. <b>PSIAS 1110</b></p>	<p>Agreed.</p> <p>Ongoing review of Audit Manager performance maintained by Chief Executive at Tamworth BC and both Section 151 Officers. Discussions to agree further approach.</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing inclusion of PDR being developed currently at Tamworth Borough Council. A new Performance Development Review (PDR) template and

						guidance note has been approved at Appointments and Staffing Committee following consultation with our recognised Trade Unions – and launched for completion by June 2023
3.	Consider	<p><b>Declarations of interest</b> Each Council has adopted different practices regarding the protocol for declarations or conflicts of interest. Due to the independent nature of internal audit work it would be beneficial for internal audit staff and any contractors to confirm the position on an annual basis.</p>	<p>The CAE should obtain confirmation regarding potential conflicts of interest on 1 April each year and on appointment of any further staff or contractors undertaking internal audit engagements at the Councils.</p> <p><b>PSIAS 1100</b></p>	<p>Agreed</p> <p>Previous declarations of interest have been recorded but only updated if changes have occurred. However to comply with best practice will implemented annual reviews.</p>	<p>Audit Manager</p> <p>April 2023</p>	Completed
4.	Review	<p><b>Audit Universe</b> The current internal audit planning model reflects use of a “standard audit universe’ to which a cyclical approach to reviewing areas of activity is applied in consultation with management. This is provided for in circumstances where the</p>	<p>The development of a comprehensive internal audit plan that reflects the significant risks that are recorded within each Councils risk management system represents an essential feature of both strategic and operational internal audit planning as it acts as a basis for both ensuring attention on significant risks on a priority basis as well as providing an</p>	<p>Agreed</p> <p>Review of current audit universes at both Tamworth and Lichfield.</p> <p>Change of current working practices to develop the auditing</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing progress started with 2023/24 Audit Plan and will be developed moving forward during the financial year to be fully



		<p>client risk management system cannot be relied upon. Internal Audits of risk management have provided positive opinions in relation to their application and as a result it would be beneficial therefore to increasing align the focus of strategic and engagement planning with each clients risk environment as this would enhance internal audits' ability to demonstrate a commitment to helping each Council achieve its objectives. It may be beneficial to consider the content of each clients risk management process as the Audit Universe in future.</p>	<p>indication of the resources required to provide continuous independent assurance. Internal Audit works with each client manager at the time of an engagement to identify significant risks; it would be opportune to increasingly recognise and promote the value of 'Control Risk' at an operational level and transparently integrate this within the planning process, identifying sources of assurance as a matter of routine. It would be beneficial therefore to increasingly align development of the internal audit planning system with each Councils risk management processes in order to ensure that resources are consistently focused on areas where assurance is required regarding the operation of policies, procedures and controls that mitigate the significant risks to which the Council is exposed at an inherent level. It may be that such an approach would also help embed effective risk management within each clients governance processes.</p> <p><b>PSIAS 2000/2010</b></p>	<p>of control risks and linking into strategic and operational risk registers are both authorities. To be supported by the current reviews of Strategic Risk Registers which looks at mitigating controls. Additionally, this will improve wider outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.</p>		<p>implemented and included in plan for 2024/25</p>
5.	Consider	<p><b>Purpose of the system subject to review</b> Audit Planning Memorandum currently contains a statement</p>	<p>The inclusion of a Management Objective is regarded as good practice however it may be beneficial to increasingly capture the specific aims</p>	<p>Agreed  Audit Planning and pre-meetings will</p>	<p>Audit Manager  April 2023</p>	<p>Complete - Audit Planning and pre-meetings to</p>

		<p>which reflects the 'Management Objective' of the area subject to review. Whilst the terminology is correct statements tend to focus on a generic statement regarding the internal control environment rather than focusing on what management are aiming to achieve, in accordance with Public Sector Internal Audit Standards (PSIAS) requirements, which recognise the value of focusing on operational management objectives.</p>	<p>of management in each review to which can be aligned the significant risks being faced within the area under review . This will assist with the discussions with client managers and specifically the identification of the significant risks which may impact upon achievement of the established objectives and upon which the assurance opinion should be based. The significant risks may be all or some of those identified with the risk management process as well as others recognised at the time of audit.</p> <p><b>PSIAS 2201</b></p>	<p>incorporate aims of management in the Audit Brief.</p>		<p>include aims of the service in the planning document.</p>
6.	Consider	<p><b>Recognition of identified key controls</b> The current risk management methodologies require identification of the primary controls which exist as well as the further mitigating controls which are to be developed. These are likely to represent the key controls upon which the audit should be based, as they represent 'Control Risk' and the implications should a failure of controls occur.</p>	<p>It would be beneficial to increasingly focus on what is regarded as a 'significant risk' within each Councils risk management processes and the associated primary controls as this would increase efficiency through allocating appropriate resources to those areas of most concern. There is limited feedback from the client survey which indicates that the Shared Service might provide increased focus on significant risk and introducing advice best practice within the audit approach and these may be areas where increased understanding of risk throughout the process may produce results which</p>	<p>Agreed.</p> <p>To be developed over 2023/24 towards full implementation.</p> <p>This will improve wider outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.</p>	<p>Audit Manager</p> <p>March 2024</p>	<p>Ongoing work in this area to link into the strategic and operational risks of the council.</p>

			are regarded as adding value by clients.  <b>PSIAS 2010</b>			
7.	Review	<b>Consideration of Fraud</b> The Team maintain a Fraud Risk Register demonstrating compliance with the standards regarding the recognition of potential fraud, however this is not directly considered when scoping engagements.	Ensure that the areas reviewed within an engagement include those where potentially significant fraud risks exist.  <b>PSIAS 2030</b>	Agreed.  As part of annual review of Fraud Risks and reported to respective Committees at Tamworth and Lichfield.	Audit Manager  October 2023	Ongoing to be developed and included following review of fraud risks as part of the council reporting arrangements.
8.	Review	<b>Quality Improvement Assurance Policy</b> The service has introduced a Quality Improvement Assurance Policy (QIAP) in accordance with the requirements of the standards. The policy focuses on consistent internal review of engagements, an annual assessment against the standards and the External Quality Assessment (EQA) review on a five year cycle. The Head of Internal Audit's Annual report confirms that aspects of the policy have been completed in a diagrammatic presentation. Industry best practice now reflects an extension of the quality review process to	It would be beneficial to update the policy in line with best practice and as required confirm annually that all measures have operated during the year as well as summarise any outcomes influencing future development of the service within the Head of Internal audit's Annual Report.  <b>PSIAS 1300</b>	Agreed.  QIAP to be reviewed at both Councils and implemented. Changes to be incorporated into the QAIP for 2023/2024.	Audit Manager  July 2023	Complete QAIP updated in accordance with standards and presented as part of updated QAIP for 2023/24.

		include consideration of wider performance in the form of KPI's, resources, skills and training requirements.				
9.	Review	<p><b>Governance</b> The standards require the CAE to provide an annual opinion regarding the effectiveness of governance arrangements. Current planning includes various aspects of the governance process including Ethics, Conflicts of Interests and Members expenses.</p>	<p>In Local Government, each Council establishes a Code of Governance in accordance with CIPFA SOLACE – it would be beneficial to map internal audit activity to the content of the Code in order to provide assurance at a level which contributes directly to the Annual Governance Statement through the Head of Internal Audit Annual Report.</p> <p><b>PSIAS 2110</b></p>	<p>Agreed.</p> <p>To be implemented as part of AGS for 2022/2023 and ongoing development. To be linked with Monitoring Officer at LDC and internally within TBC.</p>	<p>Audit Manager</p> <p>March 2024</p>	<p>Ongoing progress in this area, assurance mapping to be completed.</p>
10.	Review	<p><b>Risk Management</b> Internal Audit last reviewed risk management as an assignment in TBC (March 2021) and LDC (March 2022) providing a 'Reasonable' assurance opinion.</p>	<p>The standards require an annual opinion to be made in the Head of Internal Audit's Annual Report regarding the adequacy and effectiveness of each Councils risk management processes. It would therefore be beneficial to support the opinion with evidence of how this has been reached through a combination of the assurances gained at both a strategic level and at an operational level within engagements. It would be beneficial to document in this approach how any potential conflict of interest with regard to the Audit Manager and Principal Auditor's roles relating to risk management is managed.</p>	<p>Agreed</p> <p>To be implemented as part of Annual Internal Audit Reports submitted to each Council Audit Committees.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Ongoing, review of Risk Management to be completed at TBC in 2023/24.</p> <p>Completed at LDC 2023/24.</p>

			<b>PSIAS 2120</b>			
11.	Consider	<p><b>Head of Internal Audit Annual Opinion</b></p> <p>The current statement is largely based upon the work completed in the current financial year.</p> <p>Best practice reflects using a wider basis for the opinion reflecting the full knowledge of the CAE including significant risks which each client is facing and information from other assurance sources.</p>	<p>In practice, the opinion is actually based upon the continuous thread or trend of assurance work completed in recent years as a result of the focus of internal audit plans, the wider knowledge of significant risks and the various sources of assurance that exist, including the risk management processes.</p> <p>Future opinions should state the full basis upon which the opinion has been reached.</p> <p><b>PSIAS 2450</b></p>	<p>Agreed.</p> <p>Updating of audit opinion for new financial year 2023/24</p>	<p>Audit Manager.</p> <p>April 2023</p>	<p>Complete to be included in Annual Report to presented to A&amp;MS Committee in April 2023.</p>
12.	Consider	<p><b>Internal Audit Risk Based Strategy</b></p> <p>The teams approach to assessment of the perceived risk at inherent and residual levels within an engagement is reflected in the grading of recommendations and opinions which are then used in reporting.</p> <p>Audit Engagement Plans and Reports contain an explanation of how the Internal Audit Team relate the level of risk evaluation to the conduct of the audit.</p> <p>It would be beneficial to ensure that the wording used</p>	<p>Consider reviewing the wording of definitions that support the grading of recommendations and opinions to better reflect risk appetite of each client. Particular attention should be given to the use of wording such as Fundamental and Significant.</p> <p>Within engagement reports this would then link to alignment of assurance opinions where fundamental or a series of significant recommendations automatically generated a 'Limited Assurance' opinion.</p> <p>Consider whether maintained a fourth level of assurance (being no assurance) is necessary.</p>	<p>Agreed.</p> <p>In conjunction with further reviews of wording and audit opinion, to be carried out in conjunction with these reviews.</p>	<p>Audit Manager</p> <p>December 2023</p>	<p>Ongoing development and practice to be brought into place for 2023/24.</p>

		is consistent with risk management terminology used by each client. PSIAS guidance emphasises that the focus of internal audit should be on 'significant' risk.	<b>PSIAS 2420</b>			
--	--	---	-------------------	--	--	--

## Suggested Enhancements for consideration

	Issue Identified	Recommended Action	Management response	Officer responsible/ timescale	Status
1.	<b>Job descriptions</b> Current job descriptions are in a consistent form but are not routinely reviewed as part of the PDR process..	Best practice reflects regular update of job descriptions, it may be beneficial to review all job descriptions at the same time to ensure that any inter-dependencies are fully reflected, particularly as the two currently vacant posts are advertised  <b>PSIAS 1210</b>	Agreed  Review of job Descriptions to be undertaken.	Audit Manager.  April 2023	Complete
2.	<b>Client surveys</b> Progress has been made in obtaining feedback from auditees following each audit through discussions with client managers and within the annual planning process. Current completion reflects 66% TBC and 82% LDC. This provides informal confirmation from clients	Internal Audit may find it useful to utilise Survey Monkey or similar technology for collecting feedback and capture similar feedback in relation to each contractor's performance, as this can prove to be an efficient means of gathering an early response. Feedback should be included as part of the QAIP process.  <b>PSIAS 2000</b>	Agreed.  Will review the possibility and functionality of Survey Monkey and determine a way forward.	Audit Manager  April 2023	Ongoing review to ascertain best systems going forward.

	regarding the Teams ability to deliver upon its responsibilities and particularly add value.				
3.	<p><b>Contract support</b></p> <p>A contract is in place with each contractor which states that delivery of services should comply with the PSIAS.</p>	<p>In order to evidence that the Shared Service is compliant in overall terms it would be helpful if each contractor were requested to provide evidence that their work had been independently assessed in accordance with the PSIAS.</p> <p><b>PSIAS 1312</b></p>	Agreed	Audit Manager	Complete
4.	<p><b>Key Performance Indicators</b></p> <p>Completion of the Internal Audit Plan is regarded as the current focus of performance monitoring, although other indicators based on recommendations and opinions made in the year are recorded in the Head of Internal Audit's Annual Report. Good practice elsewhere utilises a range of quantitative and qualitative measures to demonstrate performance against the Internal Audit Charter.</p>	<p>Consideration could be given to devising a more comprehensive list of indicators and a summary of client feedback received. This may include:</p> <ul style="list-style-type: none"> <li>• Reports issued to agreed timescales</li> <li>• Recommendations accepted/not accepted by risk rating</li> <li>• Recommendations acted upon in a timely manner</li> <li>• Client satisfaction</li> <li>• Staffing levels and qualifications</li> <li>• Planned training completed</li> </ul> <p><b>PSIAS 1310</b></p>	<p>Agreed</p> <p>Will review current KPI's and in conjunction with client managers determine a suite of KPI's for Internal Audit.</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing, to be reviewed and considered for 2024/25
5.	<p><b>Training</b></p> <p>The Internal Audit Team has developed a comprehensive training and skills matrix which includes reference to mandatory</p>	<p>Consider the benefits of using the priorities included in internal audit plans to identify potential courses or seminars which may provide increased understanding of the risk environment that will be reviewed.</p>	<p>Agreed</p> <p>Review training and implement as determined by the knowledge and</p>	<p>Audit Manager</p> <p>March 2024</p>	<p>Ongoing CPD requirements and training opportunities in place.</p> <p>Maintenance of</p>

	<p>requirements although this has not been maintained.</p> <p>As the internal audit planning process devises a forward looking three year plan it would be beneficial to consider the future training needs of internal audit staff and include these in future resource planning.</p>	<p>Ensure that training records are maintained and used to inform the QAIP.</p> <p><b>PSIAS 1210</b></p>	<p>experience of auditors.</p>		<p>training records to be updated.</p>
6.	<p><b>Internal Audit Manual</b></p> <p>The Team has compiled an Internal Audit Manual which was last reviewed in December 2022.</p>	<p>Following completion of the EQA, consider revising the Manual to fully reflect current practice rather than generic example as this will assist when training new staff.</p> <p>It may be useful to include the Internal Audit Protocol document within the Manual as this represents an excellent way of explaining the internal audit process to all stakeholder</p> <p><b>PSIAS 2030</b></p>	<p>Agreed.</p> <p>Implement changes as suggested.</p>	<p>Audit Manager</p> <p>March 2023</p>	<p>Ongoing review of manual to bring into line with best practice.</p>