Progress against 2016-17 Action Plan: Compliance with the Public Sector Internal Audit Standards and the Local Government Application Note Self-Assessment 2016-17

This action plan has been produced following the completion of the checklist that was developed to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the Quality Assurance and Improvement Programme. The action plan identifies those areas where at present Internal Audit do not fully meet the requirements of the standards and as such a programme of work is now required to ensure compliance.

Key to Terminology used in the document;

PSIAS	Public Sector Internal Audit Standards	LGAN	Local Government Application Note
CIPFA	Chartered Institute of Public Finance & Accountancy	AAT	Association of Accounting Technicians
ACCA	Association of Certified Chartered Accountants	CPD	Continuing Professional Development
A&R	Audit and Risk Committee	EMT	Executive Management Team
WMT	Wider Management Team	HoS	Heads of Service
BM	Business Managers	SCAG	Staffordshire Chief Auditors Group
SCFOG	Staffordshire Chief Financial Officers Group	AGS	Annual Governance Statement
WP	Working Papers	CAE	Chief Audit Executive
CFO	Chief Finance Officer	QAIP	Quality Assurance Improvement Programme
GRACE	Councils Risk Management System		

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Ref	Conformance with the Standard	Y	P	N	Action Required	Target Date
	Do internal auditors have sufficient knowledge of key information technology risks and controls?		P		This has been identified as an area of weakness within the team as it is such a specialist area of work. The size of the audit team does not justify a FTE Computer Audit Specialist therefore the Audit service currently buys in 30 days specialist computer audit work as part of the annual audit plan. In addition to this the Staffordshire Chief Auditors Group are trying to develop the IT skills within our own teams through an IT Sub Group which comprises auditors with some IT awareness – the aim of the group is to share best practice in order to enhance the skills in this area. One training course was completed in April 2016 – a skills matrix is in the process of being formulated so work can be developed further in this area.	The SCAG IT group is currently looking at various training courses that will help to improve these skills. **March 2017** **A number of areas have been identified for training and a programme has been discussed and agreed with SCAG – this will be kept under review**

Ref	Conformance with the Standard	Y	P	N	Action Required	Target Date
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?		P		This is an area that needs to be developed further and is an area of work being considered by the Staffordshire Chief Auditors IT Sub Group. One training course was completed in April 2016 – a skills matrix is in the process of being formulated so work can be developed further in this area. In addition to the work of the SCAG IT group we are currently exploring these methods internally with some assistance from ICT Services	**March 2017** **A number of areas have been identified for training and a programme has been discussed and agreed with SCAG – this will be kept under review**

Ref	Conformance with the Standard	Y	P	N	Action Required	Target Date
	Do internal assessments include on-going monitoring of the internal audit activity, such as:- a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	Y	P		All reports are reviewed at the draft stage by the Head of Audit & Elections before they are issued. In addition a further review is made of the final report once the findings and recommendations have been discussed and agreed. Working papers are reviewed – however given that they are stored as word/excel documents within Microsoft office – it is not practical for the Head of Audit & Elections to go in and sign off every WP. The introduction of a fully integrated audit management system would assist with this process A new software system is currently being configured.	**December 2016** **Pentana has now been implemented and the auditors are now starting to use the system- progress with the system has been slow however over time this will bring efficiencies to the service.**

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Ref	Conformance with the Standard	Y	P	N	Action Required	Target Date

	Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?
	
	Competence can be determined in the following ways:
	  a) experience gained in an organisation of similar size
	  b) complexity
	  c) sector (i.e. the public sector)
	  d) industry (i.e. local government), and
	  e) technical experience
	
	Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.
				N	Assessment has not yet been undertaken. These issues will be incorporated into the scope of the external assessment.
					It is proposed that the assessment will be completed in the 2016/17 financial year.
						March 2017
						
						Completed January 2017

	Has the CAE reported the result of the QAIP to senior management and the board?
	Note that:
	  a) the results of both external and periodic internal assessment must be communicated upon completion
	  b) the results of the on-going monitoring must be completed annually
	the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.
					External Assessment has not yet been undertaken.
					
					However a report has been taken regarding the internal self-assessment against the PSIAS
						March 2017
						
						Completed January 2017

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Ref	Conformance with the Standard	Y	P	N	Action Required	Target Date
	c) Has the CAE developed and put into place policies and procedures to guide the internal audit activity?		P		External Assessment has not yet been undertaken. However a report has been taken regarding the internal self-assessment against the PSIAS. It is proposed that the assessment will be completed in the 2016/17 financial year.	**March 2017** **Completed January 2017**

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Ref	Conformance with the Standard	Y	P	N	Action Required	Target Date
LGAN	Has the CAE 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.		P		A folder is maintained electronically of all Audit Documentation – this contains audit briefs and programmes. CIPFA Audit Manual is available for all auditors Audit Protocol sets out procedures for auditors to follow – this document is also circulated to EMT, HoS & Business Managers as well as being available on the intranet. The audit documentation folder needs further development – this would be assisted with a fully integrated audit management system. Work is still on going in relation to the production of an audit manual.	**March 2017** **Completed January 2017**

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Ref	Conformance with the Standard	Y	P	N	Action Required	Target Date
	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?		P		A folder is maintained electronically of all Audit Documentation – this contains audit briefs and programmes. CIPFA Audit Manual is available for all auditors Audit Protocol sets out procedures for auditors to follow – this document is also circulated to EMT, HoS & Business Managers as well as being available on the intranet. The audit documentation folder needs further development – this would be assisted with a fully integrated audit management system. Work is still on going in relation to the production of an audit manual	. **March 2017** **Completed January 2017**
LGAN	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?			N	An assurance mapping process needs to be developed	**March 2017** **To be carried forward to 2017/18**

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Ref	Conformance with the Standard	Y	P	N	Action Required	Target Date
	Does the internal audit activity evaluate and contribute to the improvement of the above using a disciplined and systematic approach and is this evidenced?			N	An assurance mapping process needs to be developed	**March 2017** **To be carried forward to 2017/18**
	For significant consulting engagements, has this understanding been documented?			N	Evidence of the assurance mapping process will be documented.	**March 2017** **To be carried forward to 2017/18**
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?		P		This would normally be in the form of email correspondence. A formal process will be defined along similar lines to the audit briefs that are produced for the audit areas contained within the audit plan. This will be looked at as par to of the new audit system	**March 2017** **To be carried forward to 2017/18**

Ref	Conformance with the Standard	Y	P	N	Action Required	Target Date
	Do internal auditors report that engagements are "conducted in conformance with the PSIAS" only if the results of the QAIP support such a statement?		P		Where additional issues arise that require consideration – Head of Audit & Elections will consult with management – dependent upon the issues that have been identified these will either be reviewed at the time as an additional piece of work or will be included in next year's audit plan. Resources within a small team do not allow every issue to be reviewed.	**March 2017**
				N	Internal Audit reports do not state that they have been conducted in accordance with the PSIAS standards. The Head of Audit & Elections will review the report template and look to include a suitable form of words that will cover this. This will be considered with the implementation of the new system.	**March 2017**