

Appendix 1

PSIAS – Quality Assessment & Action Plan

No	PSIA S Ref	PSIAS Standard	Conformance with Standard	Proposed Action	Resp. Officer	Timescale	Status
1.2. Reporting Lines							
1.	1100	The Board reviews and approves the appointment of the Chief Audit Executive (CAE)	Partly compliant. The independent chair was part of the recruitment process but the Committee was not part of approval process.	Consideration to be given to the role of the Audit Advisory Committee in the appointment of the Chief Audit Executive (CAE).	Chief Finance Officer	If necessary, future meeting of the Audit Advisory Committee.	To be considered when next HIA recruitment exercise begins
1.3. Independence							
2.	1130	Consultancy work that internal audit may undertake is clearly defined and agreed in advance by the Audit Committee when required by the PSIAS.	Partly compliant. Not explicitly defined and no AC approval currently required. IA are actively trying to input to transformation activity in order that risk/ control issues are considered early in the process. This can be described as 'consultancy' but is not something we propose seeking AC approval on.	Consultancy work to be more explicitly defined in the Internal Audit Strategy document.	HIA	31 December 2017	Strategy Document updated accordingly – to be highlighted when strategy next reviewed by Audit Committee
1.4. Risk based plan							
3.	2010	1.4.1 A risk based internal audit plan	1.4.1 A risk-based plan was produced for	Review of council's RM framework to	HIA	31 March 2018	RM is the subject of a separate project in Q4

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		<p>has been developed which:</p> <ul style="list-style-type: none"> considers the relative risk maturity of the organisation considers the risk appetite as defined by management includes an assessment of optimal resources and skills required to deliver both the audit assurance and consultancy work, 	<p>2017/18.</p> <p>An Assurance Mapping Exercise / IT Risk Diagnostics was undertaken in 2016/17 to identify areas of highest risks.</p> <p>The risk maturity was implicitly considered for each department as part of the mapping exercise. Risk appetite has not been explicitly defined at departmental level.</p> <p>A draft Plan was circulated to CMT. Revisions have been made which will be discussed with DMTs</p>	<p>promote the development of an approach that requires a risk appetite to be defined at Departmental level as a minimum.</p> <p>DMT liaison meetings with CAE (HIA)</p>	HIA	30 th September 2017.	<p>of 2017/18. The scope of that work will include an assessment of risk maturity and consideration of risk appetite in departments</p> <p>A risk based annual plan is being prepared for 2018/19 which will be the subject of consultation with CMT and DMTs before submission to a March Audit Committee.</p> <p>The restructure of the IA team alongside effective delivery of the contracted element of the service is intended to ensure we have all the necessary skills to deliver a high quality audit plan.</p>

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		<p>including identification of specialist skills, which may be required</p> <ul style="list-style-type: none"> • is clearly designed to enable the CAE to deliver an annual opinion on the effectiveness of Governance, risk management and the system of control • has been approved by the Board • has been promulgated to all relevant parties • is subject to regular review to 	<p>Compliant.</p> <p>Compliant.</p> <p>Compliant</p> <p>Compliant</p>	<p>None.</p> <p>None.</p> <p>None.</p> <p>None.</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>The 2018/19 plan will aim to provide coverage of the key risk areas facing the council as well as coverage across departments to facilitate a meaningful opinion statement</p>

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		ensure that it remains appropriate and current					
4.	2030.	<p>1.4.2 Either the audit plan or a separate audit strategy document should:</p> <ul style="list-style-type: none"> include an assessment of risks that the audit service itself faces in delivering the plan and plans for controlling and mitigating the risks identified include consideration of if, and how, internal audit will rely on the assurance provided by other assurance providers include an 	<p>Not formally – but reviewed regularly. Work can be transferred from in-house to contractor as appropriate to address resource constraints.</p> <p>As above.</p> <p>Compliant.</p>	<p>Internal Audit risk assessment to be undertaken.</p> <p>As above</p> <p>None.</p>	<p>HIA</p> <p>As above</p> <p>N/A</p>	<p>31 December 2017</p> <p>As above.</p> <p>N/A</p>	<p>Complete - Separate risk assessment done for the Audit and Investigations teams in November 2017.</p> <p>This will be</p>

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		<p>assessment of the range of audit techniques that have been selected as the most effective for delivering the audit objectives</p> <ul style="list-style-type: none"> set out how the internal audit service will measure its performance, quality assure itself and seek continuous improvement 	Partly. This is not included in the audit plan. These important elements will be refreshed after the restructure of the service is complete.	IA KPIs, QA and improvement strategy will be prepared and reported.	HIA	31 st March 2018.	undertaken and in place for delivery of the 2018/19 plan.
Integration with Other Assurance Providers							1.5
5.		The internal audit service effectively co-ordinates with appropriate assurance providers to reduce the duplication and minimise gaps in the assurance framework	Not compliant. Liaison with EA declined as the scope of work of EA has changed. This will be refreshed.	Meetings with External Audit will be initiated on a quarterly basis.	HIA	30 th September 2017.	Initial meeting held. A schedule of meetings will be initiated with the council's new external auditors Grant Thornton.

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		Internal audit promote co-operation between internal and external audit. When auditing shared service functions consideration is given to audit work being performed by other audit services such that duplication is minimised.	No protocols are currently in place.	Arrangements to be agreed for the IT And Procurement shared services.	HIA / Head of Procurement / Head of IT	31 March 2018	IA met with LB Harrow to discuss mutual plans and arrangements for access and sharing. Upcoming audits of procurement and Transport will be first of these.
		1.5.4. When internal audit needs to work with other internal auditors from another organisation, the respective roles and responsibilities of the involved parties have been clearly defined and agreed in advance.	No current arrangements	An approach will be prepared in anticipation of this event.	HIA	31 March 2018	Has not been necessary as yet.
Structures & Resources							

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2.2 Technical training & development							
6.	1230	<p>All new staff receive induction training including both into the internal audit service and induction into the organisation.</p> <p>Arrangements are in place to ensure that new staff receive an early assessment of their development needs and appropriate guidance, and training to address these needs.</p> <p>All internal auditors undertake Continuing Professional Development (CPD) and have a training and development plan approved by their line manager.</p> <p>2.2.4 Audit planning includes a sufficient time provision for</p>	<p>2.2.1 No recent additions to Team. However Finance Trainees assigned to Team undergo Induction</p> <p>2.2.2 Undertaken for Finance Trainees who generally have never had any internal audit experience</p> <p>2.2.3 Not in place.</p> <p>2.2.4 N/A</p>	<p>An induction programme will be prepared in advance of any new members of staff post restructure.</p> <p>As above.</p> <p>The T&D plan for IA staff will be prepared and monitored as part of the appraisal process</p> <p>To be included as part of arrangement for 2.2.3 above.</p>	<p>HIA / Audit Manager</p> <p>As above</p> <p>HIA / Audit Manager</p> <p>As above.</p>	<p>30th October 2017.</p> <p>As above</p> <p>31 January 2018</p> <p>As above.</p>	<p>Not yet completed – recruitment processes began in December 2017 – the training and development plans outlined in this section will be in place before new staff are on-boarded.</p>

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		training (including CPD) for all					
2.3 Resourcing							
7.	2030	<p>2.3.1 Internal audit is sufficiently resourced (in terms of staff and budget available) and deployed effectively to deliver the approved plan</p> <p>2.3.2 There is a recruitment strategy that sets out the recruitment standard to ensure that all staff have the appropriate intellectual qualities, personal attributes, skills, knowledge and qualifications.</p> <p>2.3.3 A succession plan exists to ensure that senior vacancies are filled</p>	<p>2.3.1 In-house and Contractor – In house resources are being reviewed as part of a restructure of the service. It is likely that additional in-house resource will be recruited.</p> <p>2.3.2 Not in place.</p> <p>2.3.3 No plans currently in place – to be addressed.</p>	<p>Audit Investigations and restructure</p> <p>To be addressed in planned restructure</p> <p>To be addressed in planned restructure</p>	<p>Head of Audit & Investigation.</p> <p>As above.</p> <p>As above.</p>	<p>31 October 2017.</p> <p>As above.</p> <p>As above.</p>	<p>The restructure process is nearing completion. A recruitment process is under way to fill relevant posts.</p> <p>The recruitment strategy is based on the job description and personal specification for each post which details skills, experience and attitude required. The interview process will be undertaken by a consistent panel of officers with experience of successful recruitment to similar posts.</p> <p>Not yet in place and not considered a priority at this stage in</p>

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			place				
Audit Execution							
3.1 Management of the internal audit service							
9.	2040	<p>The CAE has established policies and procedures (typically in the form of a manual) to guide the internal audit activity.</p> <p>Audit methodologies have been developed and are regularly reviewed and updated to ensure they are in line with current practice.</p> <p>Policies in respect of document confidentiality, retention requirements and the release to internal and external parties have been developed and are</p>	<p>No complete manual is in place although procedural protocols are in operation.</p> <p>See above.</p> <p>See above</p>	<p>Audit policies and procedures will be formalised in the form of a manual and include appropriate coverage of all the requirements in this section.</p> <p>As above</p> <p>As above</p>	<p>HIA</p> <p>As above</p> <p>As above</p>	<p>31 March 2018</p> <p>As above</p> <p>As above</p>	<p>Not yet started.</p> <p>Some amendments to methods have been made e.g. to follow-up approach. These will be incorporated in a revised manual.</p> <p>Not yet started.</p>

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		consistent with the organisation's guidelines and any pertinent regulatory or other requirements.					
		Quality assurance procedures are defined and cover all aspects of the internal audit activity including: Supervision and review.	See above.	As above.	As above	As above	Not yet started
		QA procedures and checklists including periodic internal quality reviews Compliance with applicable laws, regulations and government or industry standards Auditee / customer satisfaction surveys Periodic self-assessments against the PSIAS are performed and actions taken to	Non-compliant	See 3.18 below. Satisfaction surveys to be reintroduced following completion of audits.	HIA	See 3.1.8 below.	Satisfaction surveys have been reintroduced.
			Not undertaken previously but initiated	Actions from recent self-assessment to be presented to Audit Advisory Committee. Action Plan to be prepared and	N/A	N/A	Self-assessment to Audit Cttee in September 2017. Progress against action plan reported in this document.

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		address weaknesses		implemented.			
3.3 Performance of Audit work / audit delivery							
10.	2240 2320	Work programmes that will achieve the engagement objectives are developed and approved prior to use and include procedures for identifying, analysing, evaluating and documenting information during the engagement.	Compliant	None.	N/A	N/A	N/A
		Internal auditors use standard documentation to ensure that evidence and findings are adequately documented.	Partly compliant.	Contractor and In house Team to use standard documentation to record evidence and findings from audits	HIA / Audit Manager / Contract or Senior Manager	30 th September 2017	In place
		Work papers are clear, concise, and appropriately cross-referenced to work programmes so as to enable	Compliant.	None.	N/A	N/A	N/A

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		independent review and comprehension.					
		There is evidence that internal auditors are identifying, analysing, evaluating and documenting sufficient information to support the audit conclusions and opinions.	Compliant	None.	N/A	N/A	N/A
		There is evidence to confirm that all engagements are led or supervised by suitably competent individuals.	Compliant.	None.	N/A	N/A	N/A
		Audit findings are discussed and confirmed with auditees prior to report drafting	Compliant.	None.	N/A	N/A	N/A
		Automated tools (e.g. data interrogation) are used appropriately to undertake testing as efficiently as	Partly compliant.	Internal Audit staff to be trained on use of automated tools for audit testing.	HIA / Audit Manager /Contract or	31 March 2018	Not yet started given recruitment position.

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		possible					
3.4 Reporting							
11.	2440 2500	Communications are accurate, objective, clear, concise, constructive and timely.	Compliant.	None.	N/A	N/A	N/A
		Audit reports convey appropriate audit scopes, limitations of scope, results, recommendations and an opinion on the adequacy of controls.	Compliant.	None.	N/A	N/A	N/A
		Audit evidence is reviewed by a senior member of the audit function to ensure that the audit has been carried out in sufficient depth and to the function's quality standards prior to the audit findings being distributed to the	Compliant.	None.	N/A	N/A	N/A

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		auditee.					
		Internal audit recommendations help the organisation address the risk in a way that does not create unnecessary control and the recommendations are practical.	Compliant	None	N/A	N/A	Although no specific action planned, this is a key element of every audit review and we seek feedback from clients on this specific aspect of our work.
		Draft audit reports are issued for consideration by the auditee within a reasonable, pre-agreed, timescale before they are finalised	Partly compliant.	Time management on individual audits to be improved.	Audit Manager	30 th November 2017.	Audit reports are issued at least a week in advance of an exit meeting. Emerging findings are discussed during the audit and at an end of fieldwork summary.
		Audit issues are reported to appropriate levels of management and to the Audit Committee The CAE informs the Audit Committee if he/she believes that senior management has accepted a level	Partly Compliant. Compliant.	As above. Time management on individual audits to be improved. None.	Audit Manager N/A	As above. N/A	As above N/A

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		of residual risk that may be unacceptable to the organisation.					
		There is a procedure for follow-up that ensures agreed recommendations are implemented effectively or that senior management has accepted the risk of not taking action.	Compliant.	None	N/A	N/A	New follow up procedure in place.
		Unresolved or outstanding audit issues are reported to senior management in accordance with pre-agreed timescales and escalation procedures.	Partly – currently partly self-assessment. But follow up to be more comprehensive in future.	New follow up procedures to be implemented with verification checks and additional tests on all high and medium priority recommendations.	HIA /Audit Manager	31 August 2017	New follow up procedure in place.
		The CAE presents to the Board at least annually, a report of internal audit activity containing an opinion of the overall	Compliant.	None.	N/A	N/A	N/A

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		<p>adequacy and effectiveness of the organisation's governance, risk management, and control processes.</p> <p>The annual report also states if the function conforms to the PSIA's and report any results of the QAIP</p>	Not compliant.	Annual report to include statement to the effect as to whether the internal audit function conforms to the PSIAS and results of any QAIP.	HIA	30 th June 2018	To be done