

**Summary of Compliance against the
Public Sector Internal Audit Standards**

Section	Standard	Compliant				Total
		Yes	Partial	No	N/A	
1	Definition of Internal Auditing	3				3
2	Code of Ethics	13				13
3	Attribute Standards					
3.1	Purpose, Authority and Responsibility	19	2	2		23
3.2	Independence and Objectivity	30	2		4	36
3.3	Proficiency and Due Professional Care	19	2			21
3.4	Quality Assurance and Improvement Programme	22			8	30
4	Performance Standards					
4.1	Managing the Internal Audit Activity	44	2		1	47
4.2	Nature of Work	27	2			29
4.3	Engagement Planning	58			1	59
4.4	Performing the Engagement	21	2			23
4.5	Communicating Results	50	1		4	55
4.6	Monitoring Progress	4				4
4.7	Communicating the Acceptance of Risks	2				2
Total		310	12	2	18	342

**Public Sector Internal Auditing Standards
Action Plan - Partial Compliance**

Standard	Comment	Action	Responsible Officer
3.1 Purpose, Authority and Responsibility			
Does the internal audit charter define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?	The internal audit charter defines the nature of assurances services provided to RBC, but needs to reflect the work undertaken for BFC.	The Internal Audit Charter will be refreshed to reflect these requirements and brought to CMT and the Audit & Governance Committee for sign off.	Chief Auditor
Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	Reviewed and updated in 2009 and 2013. Needs to be refreshed.	The Internal Audit Charter will be refreshed to reflect these requirements and brought to CMT and the Audit & Governance Committee for sign off.	Chief Auditor
3.2 Independence and Objectivity			
Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	Scrutiny and feedback is received at quarterly meetings of the A&G on the service provision of the internal audit service.	The Chair of the Audit Committee will be requested for feedback/observations to feed into the appraisal process.	Head of Finance
If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?	The Chief Auditor has line management responsibility for Insurance.	Future audits in this area will be overseen by someone outside of internal audit (head of finance) or will be undertaken by a neighbouring authority.	Head of Finance

Standard	Comment	Action	Responsible Officer
3.3 Proficiency and Due Professional Care			
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?	All auditors have access to Excel and associated corporate training programs. Internal Auditors also use a data analysis tool (IDEA) to extract and test data.	The IT Auditor must provide Auditors with in-house training on the new version of IDEA and the applications for continuous auditing.	ICT Auditor
Do internal auditors undertake a programme of continuing professional development?	This is a requirement but in recent times CPD has been very limited due to lack of funds. Cheap options have been attended. Reading journals count towards CPD access to webinars etc.	Undertake ICT needs assessment to establish whether Auditors have sufficient knowledge of IT related risks and controls.	Chief Auditor
4.1 Managing the Internal Audit Activity			
Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	Assurances are obtained from the Council's External Auditor, Ofsted and other inspection agencies, including peer reviews.	The Chief Auditor to carry out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance	Principal Auditor
Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	Health & Safety and office procedures are up to date (2015). Audit Carter needs refreshing in addition to the anti-fraud and corruption strategy. The audit manual was last refreshed in 2013.	Anti-Fraud & Corruption strategy and Audit manual to be refreshed to reflect changes in working practices.	Senior Auditor

Standard	Comment	Action	Responsible Officer
4.2 Nature of Work			
Has the internal audit activity evaluated the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities?	Individual audit assignments are linked to council values. Consistency and compliance to standards are considered during audit reviews Specific reviews have been conducted in the past on whistleblowing, code of conduct, gifts & hospitality etc.	The Chief Auditor to consider the value and proportionality of the amount of work required to assess the following assignments in future audit plans: <ul style="list-style-type: none"> • Organisation performance monitoring and accountability • Ethics related programmes and activities 	Chief Auditor
Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	Auditors have consideration of fraud when performing assignments (requirement in audit manual). Anti-Fraud and Corruption Policy (2002) Policy needs reviewing to take account of any changes from the Fraud Act 2006	Refresh the Anti-Fraud and Corruption Policy to take account of any changes from the Fraud Act 2006	Principal Auditor
4.4 Performing the engagement			
Has the CAE developed and implemented retention requirements for all types of engagement records?	Document retention policy written 2013. Audit reports and working papers are retained for 3 years, plus current year. Since we've moved from audit management software to electronic files in folders, Document retention needs to be checked and old files deleted.	A review of electronic records will be undertaken to ensure compliance with the services document retention policies.	Principal Auditor
Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	Document retention policy written 2013. Audit reports and working papers are retained for 3 years, plus current year. Since we've moved from audit management software to electronic files in folders, Document retention needs to be checked and old files deleted.	A review of electronic records will be undertaken to ensure compliance with the services document retention policies.	Principal Auditor

Standard	Comment	Action	Responsible Officer
4.5 Communicating Results			
Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	The annual assurance report makes this declaration, but	Individual Audit reports to include a paragraph to declare engagements are conducted in accordance in conformance with the Public Sector Internal Audit Standards	Senior Auditor

**Public Sector Internal Auditing Standards
Action Plan - No Compliance**

Standard	Comment	Action	Responsible Officer
3.1 Purpose, Authority and Responsibility			
Does the internal audit charter also: k) Define the role of internal audit in any fraud-related work? l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	Internal audits role in fraud-related work is explicit in the Council's Financial Procedural Rules The Council's anti-fraud & corruption policy and Financial Procedural Rules require the Chief Auditor to be informed of suspected fraud and irregularities	The Internal Audit Charter will be refreshed to reflect these requirements and brought to CMT and the Audit & Governance Committee for sign off.	Chief Auditor

**Public Sector Internal Auditing Standards
Action Plan - Not Applicable**

Standard	Comment	Action	Responsible Officer
3.2 Independence and Objectivity			
<p>Does the board:</p> <p>e) approve decisions relating to the appointment and removal of the CAE</p>	<p>Such actions are not constitutionally permissible to be undertaken by Audit & Governance Committee (Local Authorities (Standing Orders) (England) Regulations 2001)</p>	<p>To continue to follow existing County Council Standing Orders and procedures in the appointment and dismissal of the Chief Auditor</p>	N/A
<p>Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?</p>	<p>There have been no known instances where an internal auditor has used information for personal gain</p>	N/A	N/A
<p>If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?</p>	<p>There have been no known instances of real or apparent impairment of independence or objectivity.</p>	N/A	N/A
<p>If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?</p>	<p>There have been no known instances of real or apparent impairment of independence or objectivity.</p>	N/A	N/A

Standard	Comment	Action	Responsible Officer
3.4 Quality Assurance and Improvement Programme			
Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?	The requirement for an external Assessment (to be undertaken every 5 years) is new. The PSIAS took effect from 1 April 2013; as such there is no requirement to have completed an external assessment until 31 March 2018.	The Chief Auditor will present a paper to CMT and the Audit & Governance Committee (Board) exploring the options, form, timing and scope of the external assessment. This will need to provide VFM and the likely scenario will be to commission a peer review.	Chief Auditor
Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?	As above	As above	Chief Auditor
Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?	As above	As above	Chief Auditor
Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	As above	As above	Chief Auditor
<p>Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?</p> <p>Competence can be determined in the following ways:</p> <ul style="list-style-type: none"> a) experience gained in organisations of similar size b) complexity c) sector (ie the public sector) d) industry (ie local government), and e) technical experience. <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>	As above	As above	Chief Auditor

Standard	Comment	Action	Responsible Officer
How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?	As above	As above	Chief Auditor
Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.	As above	As above	Chief Auditor
Has the CAE reported any instances of non-conformance with the PSIAS to the board?	As above	As above	Chief Auditor
4.1 Managing the Internal audit Activity			
Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	Internal audit is not provided by an external service provider.	N/A	N/A

Standard	Comment	Action	Responsible Officer
4.5 Communicating Results			
<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>	Occasion has not arisen whereby non-conformance with PSIAS has impacted on an engagement.	N/A	N/A
Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	Occasion has not arisen whereby a qualified or unfavourable annual internal audit opinion is given.	N/A	N/A