



Newport City Council
Internal Audit Report

Public Sector Internal Audit Standards (PSIAS)

**External Assessment of
Regional Internal Audit Service**

Welsh Chief Internal Auditor Group

WCIAG

Date of Assessment Fieldwork	February 2023 to May 2023
Date of Report Issue	5th July 2023
Report Status	Final
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Issued to	Andrew Wathan, Head of Regional Internal Audit Service

1. **Introduction**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) became effective from 1st April 2013 (updated 2017) and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.
- 1.2 The two possible approaches to external assessments outlined in the standard included either a full external assessment or an internal self-assessment which is validated by an external reviewer.
- 1.3 Members of the Welsh Chief Internal Auditor Group (WCIAG) elected to adopt the self-assessment approach, with another member of the WCIAG undertaking the validation.

2. **Purpose**

- 2.1 The purpose of the external assessment is to help improve delivery of the audit service to an organisation. The assessment is designed to be a supportive process that identifies opportunities for development which ultimately help to enhance the value of the audit function to the authority.

3. **Results**

- 3.1 The assessment involved a validation of a self-assessment of conformance against the PSIAS undertaken by the Acting Chief Internal Auditor at Newport City Council.
- 3.2 The assessment comprised a desktop review of the self-assessment and supporting evidence and discussions were held with the previous Head of Regional Internal Audit Service (MT) to gain insight and views on the operation of the Internal Audit Team and adherence to the Standards.
- 3.3 In summary, there are 305 best practice lines within the PSIAS. A review of conformance against the PSIAS was undertaken during the period February to May 2023 by the Acting Chief Internal Auditor (DP) at Newport City Council, qualified via CIPFA with extensive internal audit management experience within local government. The Regional Internal Audit Service is currently conforming to 305 of the requirements, with no partial conformance or non-conformance areas.

3.4 The table below summarises the outcome of the assessment.

Standard	Conformance			Total
	Yes	Partly	No	
1. Mission of Internal Audit	1			1
2. Definition of Audit Risk	2			2
3. Core Principles	10			10
4. Code of Ethics	13			13
5. Attribute Standards				
Purpose, Authority and Responsibility (1000)	20			20
Objectivity and Independence (1100)	29			29
Proficiency and Due Professional Care (1200)	21			21
Quality Assurance and Improvement Programme (1300)	24			24
6. Performance Standards				
Managing the Internal Audit Activity (2000)	37			37
Nature of Work (2100)	28			28
Engagement Planning (2200)	52			52
Performing the Engagement (2300)	15			15
Communicating Results (2400)	47			47
Monitoring Progress (2500)	4			4
Communicating the Acceptance of Risks (2600)	2			2
Total	305	0	0	305

3.5 This report contains three appendices as follows:

Appendix A	Action Plan to address non / partial conformance areas
Appendix B	Enhancing proposals for areas where conformance is already achieved
Appendix C	Completed checklist for assessing conformance with the PSIAS and Local Government Application Note (LGAN)

3.6 There were no areas of partial conformance or non-conformance. There were two area's for consideration which would further enhance conformance with the PSIAS, although these are not a significant concern:

- 1000 Purpose, Authority and Responsibility (41) – To make reference to the Counter Fraud Strategy in the Internal Audit Charter.
- 1230 Continuing Professional Development (96) – All Internal Audit staff to maintain a record of their training activities.

3.7 As part of the self-assessment, the Regional Internal Audit Service, identified their own actions needed to strengthen arrangements where conformance was already being achieved. This summary can be seen at the beginning of Appendix C.

Impact of non-compliance and steps to be taken to ensure compliance

3.7.1 Any non-conformance with the Standards and the impact must be disclosed to senior management and the Governance and Audit Committee.

3.7.2 In terms of the review that has been undertaken, the impact of the non-conformance is not relevant, such that the Regional Internal Audit Service generally conforms with the Standards in all significant areas and operates independently and objectively.

3.7.3 No Action Plan is required. The Head of the Regional Internal Audit Service has agreed to consider the proposals suggested to further enhance conformance in areas already conforming and share this information with the Governance and Audit Committee.

Action Plan to address non / partial conformance areas

Standard	Action to address non / partial compliance	Who is responsible for implementing the action	Timescale
<i>No areas of non / partial conformance identified</i>			

Further Action Plan – Enhancing proposals for areas where conformance is already achieved

Ref Attribute / Performance Standard	Compliant, but enhancing recommendation proposed.	Who is responsible for implementing the action	Timescale
1000 (31-45) K	To make reference to the Counter Fraud Strategy in the Internal Audit Charter.	Head of RIAS	Next review of Internal Audit Charter
1230 (96)	All Internal Audit staff to maintain a record of their training activities.	Head of RIAS	2023/24

REGIONAL INTERNAL AUDIT SERVICE – PSIAS SELF ASSESSMENT 2022/23**Action Plan to address non / partial conformance areas:**

Standard	Action to address non / partial compliance	Who is responsible for implementing the action	Timescale
None	None identified	N/A	N/A

Identified Actions for strengthening arrangements where conformance is already achieved (As determined by RIAS November 2022)

Standard	Action to address non / partial compliance	Who is responsible for implementing the action	Timescale
Core Principles for the Professional Practice of Internal Auditing	Include a direct reference to the Seven Principles of Public Life in the Charter & Audit Manual	Head of Regional Internal Audit Service	Next review for 2023/24
Core Principles for the Professional Practice of Internal Auditing	Include a direct reference to the Local Code of Corporate Governance in the Charter & Audit Manual	Head of Regional Internal Audit Service	Next review for 2023/24
Attribute Standards 1000	Include reference to the Counter Fraud Strategy in the Audit Manual	Head of Regional Internal Audit Service	Next review for 2023/24
Attribute Standards 2010	Further develop the audit planning process by exploring the functionality available within the Pentana MK Audit Software to undertake a more systematic risk management process and options to link more easily with assurance mapping.	Head of Regional Internal Audit Service	During 2023/24

**CHECKLIST FOR ASSESSING CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS
AND THE LOCAL GOVERNMENT APPLICATION NOTE (LGAN)**

Glossary	
GC	Generally Conforms with PSIAS - The relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section / category. General conformance does not require complete / perfect conformance, the ideal situation, successful practice, etc.
PC	Partially Conforms with PSIAS - The activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or Code of Ethics and / or achieving their objectives.
DNC	Does Not Conform with PSIAS - The activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many / all of the objectives of the individual Standard or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board.
N/A	Not Applicable - The sections marked N/A do not apply to this assessment. Any n/a answers should be treated as generally conforming with the PSIAS.
CAE	Chief Audit Executive (CAE) - A generic title used to describe the person responsible for managing the internal audit activity. In the Regional Internal Audit Service it is the Head of Regional Internal Audit Service (HoRIAS).

	SUMMARY OF RESULTS	GC	PC	DNC	N/A
A1	Mission of Internal Audit	✓✓			
B2-3	Definition of Internal Auditing	✓✓			
C4-13	Core Principles for the Professional Practice of Internal Auditing	✓✓			
D14-26	Code of Ethics	✓✓			
Ref	Attribute / Performance Standards				
1000	Purpose, Authority and Responsibility (The sum of <i>Standards</i> 1000-1010) 27-46	✓✓			
1100	Independence and Objectivity 47-54	✓✓			
1110	Organisational Independence 55-60	✓✓			
1111	Direct Interaction with the Board 61	✓✓			
1112	Chief Audit Executive Roles Beyond Internal Auditing 62-63	✓✓			
1120	Individual Objectivity 64-65	✓✓			
1130	Impairments to Independence or Objectivity 66-75	✓✓			
1200	Proficiency and Due Professional Care				
1210	Proficiency 76-84	✓✓			
1220	Due Professional Care 85-92	✓✓			
1230	Continuing Professional Development 93-96	✓✓			
1300	Quality Assurance and Improvement Programme 97-100	✓✓			
1310	Requirements of the Quality Assurance and Improvement Programme 101	✓✓			
1311	Internal Assessments 102-111	✓✓			
1312	External Assessments 112-115	✓✓			
1320	Reporting on the Quality Assurance and Improvement Programme 116-117	✓✓			
1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing 118	✓✓			
1322	Disclosure of Non-conformance 119-120	✓✓			
2000	Managing the Internal Audit Activity				
2010	Planning 121-144	✓✓			
2020	Communication and Approval 145-147	✓✓			
2030	Resource Management 148-150	✓✓			
2040	Policies and Procedures 151-152	✓✓			
2050	Coordination 153	✓✓			
2060	Reporting to Senior Management and the Board 154-156	✓✓			
2070	External service Provider and Organisational Responsibility for Internal Audit 157	✓✓			
2100	Nature of Work				
2110	Governance 158-165	✓✓			

	SUMMARY OF RESULTS	GC	PC	DNC	N/A
2120	Risk Management 166-179	✓✓			
2130	Control 180-185	✓✓			
2200	Engagement Planning 186-205	✓✓			
2210	Engagement Objectives 206-218	✓✓			
2220	Engagement Scope 219-227	✓✓			
2230	Engagement Resource Allocation 228-230	✓✓			
2240	Engagement Work Programme 231-237	✓✓			
2300	Performing the Engagement				
2310	Identifying Information 238	✓✓			
2320	Analysis and Evaluation 239-244	✓✓			
2330	Documenting Information 245-250	✓✓			
2340	Engagement Supervision 251-252	✓✓			
2400	Communicating Results				
2410	Criteria for Communicating 253-266	✓✓			
2420	Quality of Communications 267	✓✓			
2421	Errors and Omissions 268	✓✓			
2430	Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing'. 269	✓✓			
2431	Engagement Disclosure of Non-conformance 270-272	✓✓			
2440	Disseminating Results 273-278	✓✓			
2450	Overall Opinions 279-299	✓✓			
2500	Monitoring Progress 300-303	✓✓			
2600	Resolution of Senior Managements Acceptance of Risks 304-305	✓✓			
	OVERALL CONCLUSION – CONFORMANCE WITH PSIAS	✓✓			

✓ – external assessment confirms conformance

✗ – external assessment did not confirm conformance

Ref	Conformance with the Standard	Generally Conforms	Partially Conforms	Does Not Conform	Evidence	Evidence Ref
A	Mission of Internal Audit					
1	Based on your review of conformance with other requirements of the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), does the internal audit activity aspire to accomplish the Mission of Internal Audit as set out in the PSIAS? <i>To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.</i>	✓✓			Internal Audit Charter RIAS Manual Annual Reports 2021-22 * 4 Strategy & Plan 2022-23 * 4 Governance & Audit Committee Terms of Reference	1 ✓ 2 ✓ 3.1, 3.2, 3.3, 3.4 4.1, 4.2, 4.3, 4.4 5.1, 5.2, 5.3, 5.4
	Mission of Internal Audit	✓✓			Internal Audit Charter - page 2	1
B	Definition of Internal Auditing					
2	Based on your review of conformance with other requirements of the PSIAS and LGAN, is the internal audit activity independent and objective?	✓✓			Internal Audit Charter - Section 2 - Independence & Objectivity (page7) RIAS Manual – Reference made Section 1 and Appendix D All auditors are required to make an annual declaration to comply with PSIAS and Code of Ethics as well as declaring any conflicts of interest. A register is kept of these. Internal Auditors appointed from within the Council are not permitted to perform an audit, which is any way related to their previous post, for at least 2 years after appointment. Internal Audit has no operational responsibility for any other service delivery but does lead on Fraud matters in the Vale & Merthyr and liaises with Fraud staff at Bridgend & RCT	1 2 6
3	Based on your review of conformance with other requirements of the PSIAS and LGAN, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓✓			Internal Audit Charter RIAS Manual Annual Reports 2021-22 * 4 Strategy & Plan 2022-23 * 4	1 2 3.1, 3.2, 3.3, 3.4 4.1, 4.2, 4.3, 4.4
	Definition	✓✓				
C	Core Principles for the Professional Practice of Internal Auditing					
4	Having regard to your review of conformance with the Code of Ethics (Integrity, Seven Principles of Public Life), do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating integrity?	✓✓			Internal Audit Charter – Annex 2 Code of Ethics RIAS Manual - Section 3 Structure & Responsibilities Annual Reports 2021-22 * 4 Counter Fraud Strategy Framework 2021-24 – Introduction VOG Constitution – Section 23 (page 246)	1 2 3.1, 3.2, 3.3, 3.4 24 22

5	Having regard to your review of conformance with the Code of Ethics (Competence, Confidentiality, Seven Principles of Public Life) and any other evidence from the review of conformance with Standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating competence and due professional care?	✓✓			Internal Audit Charter – Annex 2 Code of Ethics RIAS Manual - Section 3 Structure & Responsibilities Annual Reports 2021-22 * 4	1 2 3.1, 3.2, 3.3, 3.4
6	Having regard to your review of conformance with the Code of Ethics (Objectivity, Seven Principles of Public Life) and any other evidence from the review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being objective and free from undue influence (independent)?	✓✓			Internal Audit Charter – Annex 2 Code of Ethics RIAS Manual - Section 3 Structure & Responsibilities Annual Reports 2021-22 * 4	1 2 3.1, 3.2, 3.3, 3.4
7-13	Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN a) By being aligned with the strategies, objectives, and risks of the organisation. b) Being appropriately positioned and adequately resourced? c) Demonstrating quality and continuous improvement? d) Communicating effectively? e) Providing risk-based assurance, based on adequate risk assessment? f) Being insightful, proactive, and future-focused? g) Promoting organisational improvement?	✓✓ ✓✓ ✓✓ ✓✓ ✓✓ ✓✓ ✓✓			Yes, all the documents listed below support this Internal Audit Charter RIAS Manual Annual Reports 2021-22 * 4 Strategy & Plan 2022-23 * 4 Counter Fraud Strategy Framework 2021-24 – Introduction VOG Constitution – Section 23 (page 246)	1 2 3.1, 3.2, 3.3, 3.4 4.1, 4.2, 4.3, 4.4 24 22
	Conclusion	✓✓				
D	Code of Ethics					
14-17	Integrity Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display integrity by: a) Performing their work with honesty, diligence and responsibility? b) Observing the law and making disclosures expected by the law and the profession? c) Not knowingly partaking in any illegal activity nor engaging in acts that are discreditable to the profession of internal auditing or to the organisation? d) Respecting and contributing to the legitimate and ethical objectives of the organisation?	✓✓ ✓✓ ✓✓ ✓✓			Internal Audit Charter – Section 2 & 3 RIAS Manual – Section 3 Structure & Responsibilities Strategy & Plan 2022-23 * 4 All auditors are required to make an annual declaration to comply with PSIAS and Code of Ethics as well as declaring any conflicts of interest. A register is kept of these. Internal Auditors appointed from within the Council are not permitted to perform an audit, which is any way related to their previous post, for at least 2 years after appointment.	1 2 4.1, 4.2, 4.3, 4.4 6
18-20	Objectivity Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display objectivity by: a) Not taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? b) Not accepting anything that may impair or be presumed to impair their professional judgement? c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	✓✓ ✓✓ ✓✓			Internal Audit Charter – Code of Ethics – Annex 2 Vale of Glamorgan Code of Conduct & Register of Interests Annual declarations	1 7 6

21-22	<p>Confidentiality</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display due respect and care by:</p> <p>a) Acting prudently when using information acquired in the course of their duties and protecting that information?</p> <p>b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?</p>	✓✓ ✓✓			<p>As above.</p> <p>Plus/ Annual mandatory idev training on GDPR</p>	8
23-25	<p>Competency</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display competence by:</p> <p>a) Only carrying out services for which they have the necessary knowledge, skills and experience?</p> <p>b) Performing services in accordance with the PSIAS?</p> <p>c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?</p>	✓✓ ✓✓ ✓✓			<p>As above</p> <p>Plus/ RIAS Manual – Appendix L – Quality Assurance & Performance Management outlines the continuous review process</p> <p>The 2 Audit Manager's allocate quarterly workloads to staff based on the knowledge, skills and experience of individual auditors.</p> <p>Relevant professional training actively encouraged and supported – CIA being actively supported, recently appointed Graduate Auditors with a view to them studying CIPFA</p> <p>Support to complete CPD requirements for those with professional qualifications</p>	2
26	<p>Seven Principles of Public Life</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors, whether consciously or through conformance with organisational procedures and norms, have due regard to the Committee on Standards of Public Life's <i>Seven Principles of Public Life</i>?</p>	✓✓			<p>Yes – as above plus</p> <p>Counter Fraud Strategy & Framework</p> <p>VOG Constitution – page 246 Local Code of Corporate Governance</p>	21 22
	Code of Ethics Conclusion	✓✓				
	Standards					
	Attribute Standards					
	1000 Purpose, Authority and Responsibility					
27-29	<p>Does the internal audit charter conform with the PSIAS by including a formal definition of:</p> <p>a) the purpose</p> <p>b) the authority, and</p> <p>c) the responsibility</p> <p>of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?</p>	✓✓ ✓✓ ✓✓			Internal Audit Charter – Section 1	1
30	<p>Does the internal audit charter conform with the PSIAS by clearly and appropriately defining the terms 'board' and 'senior management' for the purposes of the internal audit activity?</p> <p>Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.</p>	✓✓			<p>Internal Audit Charter – Definition of Internal Auditing page 3</p> <p>Board & senior management - page 3</p> <p>Governance & Audit Committees Terms of Reference * 4</p>	1 1 5.1, 5.2, 5.3, 5.4
31-45	<p>Does the internal audit charter also:</p> <p>a) Set out the internal audit activity's position within the organisation?</p> <p>b) Establish the chief audit executive's (CAE) functional reporting relationship with the board?</p>	✓✓ ✓✓			<p>Internal Audit Charter</p> <p>Section 2 Independence and Objectivity states that the Head of Internal Audit has unrestricted access to the Chair of Governance and Audit Committee and direct access to Chief Executive, S151 Officer and Monitoring Officers and unrestricted access to Directors, Leaders and Audit Wales.</p>	1

	<p>c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively? Where applicable, this will need to encompass shared service or external providers of internal audit, and the role of the contract manager.</p> <p>d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit?</p> <p>e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?</p> <p>f) Define the scope of internal audit activities?</p> <p>g) Recognise that internal audit's remit extends to the entire control environment of the organisation?</p> <p>h) Establish the organisational independence of internal audit?</p> <p>i) Cover the arrangements for appropriate resourcing?</p> <p>j) Define the role of internal audit in any fraud-related work?</p> <p>k) Set out the existing arrangements within the organisation's anti- fraud and anti-corruption policies, requiring the CAE to be notified of all suspected or detected fraud, corruption or impropriety?</p> <p>l) Include arrangements for avoiding conflicts of interest if internal audit or the CAE undertakes non-audit activities?</p> <p>m) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?</p> <p>n) Define the nature of consulting services?</p> <p>o) Recognise the mandatory nature of the PSIAs?</p>	<p>✓✓</p> <p>✓✓</p> <p>✓✓</p> <p>✓✓</p> <p>✓✓</p> <p>✓✓</p> <p>✓✓</p> <p>✓✓</p> <p>✓*</p> <p>✓✓</p> <p>✓✓</p> <p>✓✓</p> <p>✓✓</p>		<p>In addition, it states the governance of the provision of the shared service is carried out by the Regional Board made up of Chief Finance Officers for each Authority</p> <p>All aspects a) to o) are covered</p> <p>d)Section 2</p> <p>e) Section 1.18</p> <p>f) Section 1.10</p> <p>g) Section 1.11</p> <p>h) Mainly Section 2 of Charter</p> <p>i)Section 3.4</p> <p>j)Section 3.2 and additional references</p> <p>k) Counter Fraud Strategy & Framework – Section 10 reporting & Review & Fraud Response Plan Appendix 1</p> <p>l)Conflicts and declarations of interest are covered in the Charter -Section 2. The Head of RIAS does not undertake any non audit activities however if this did happen the processes set out in the Charter would apply.</p> <p>m)Section 1.16 of Charter</p> <p>n)Section 1.16 of Charter</p> <p>o)Page 3, point C of Charter</p>	21
46	Does the CAE periodically review the internal audit charter and present it to senior management and the board for approval?	✓✓		<p>Internal Audit Charter is reviewed annually and was most recently approved by the relevant Governance & Audit Committee on the following dates:</p> <p>Bridgend = 22nd June 2022 Merthyr = 18th June 2022 RCT = 18th July 2022 Vale = 13th June 2022</p>	9.1, 9.2, 9.3, 9.4
	1000 Conclusion	✓✓			
	1100 Independence and Objectivity				
47	Does the CAE have direct and unrestricted access to senior management and the board?	✓✓		<p>Internal Audit Charter</p> <p>Section 2 Independence and Objectivity states that the Head of Internal Audit has unrestricted access to the Chair of Governance and Audit Committee and direct access to Chief Executive, S151 Officer and Monitoring Officers and unrestricted access to Directors, Leaders and Audit Wales.</p>	1
48	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	✓✓		As above	1
49	Does the CAE attend audit committee meetings?	✓✓		Head RIAS and/ or the relevant Audit Manager attends Governance & Audit Committee meetings.	

50	Does the CAE contribute to audit committee agendas?	✓✓			The Head of RIAS reports to all 4 Governance & Audit Committees the following items as per the Forward Work Plan and agendas – <ul style="list-style-type: none"> Annual Internal Audit Report 2021/22 Internal Audit Shared Service Charter 2022/23 Internal Audit Annual Strategy and Audit Plan 2022/23 Internal Audit Progress Report Recommendation Monitoring Report Governance & Audit Committee Self-Assessment 	10.1, 10.2, 10.3, 10.4
51-54	Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	✓✓ ✓✓ ✓✓ ✓✓			The IA activity complies with the definition of Internal Auditing, the Code of Ethics and Standards contained in Section 6 of the PSIAS, 2019 Edition. <u>Individual Auditor</u> <ul style="list-style-type: none"> Vale of Glamorgan Code of Conduct & Register of Interests Annual declarations All Internal Audit Staff members have signed a Declaration that they have read the PSIAS and that they understand that they must comply with the Standards and its Code of Ethics. Register of Personal Interests is maintained and consulted when work is allocated RIAS Manual Charter	7 6.1 6 2 1
	1100 Conclusion	✓✓				
	1110 Organisational Independence					
55	Does the CAE report to an organisational level equal or higher to the corporate management team?	✓✓			Head of RIAS reports to Regional Board made up of Chief Financial Officer of each of the 4 Authorities.- (Example of agenda provided)	11
56	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓✓			Head of RIAS reports to Chief Financial Officers of each of the 4 authorities and has unrestricted access to the Chief Executives	
57-58	Does the CAE's position in the management structure: a) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? b) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓✓ ✓✓			Internal Audit Charter - Section 2 Independence and Objectivity Audit Plans and Annual reports approved by the relevant Governance and Audit Committee	1 4.1.2, 4.2.2, 4.3.2, 4.4.2 3.1, 3.2, 3.3, 3.4
59	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent?	✓✓			Audit Strategy 2022-23 Internal Audit Charter Annual Report 2021-22	4.1.1, 4.2.1, 4.3.1, 4.4.1 1 3.1, 3.2, 3.3, 3.4
60	Is the organisational independence of internal audit realised by functional reporting by the CAE to the board? <i>The 'Interpretation' to PSIAS 1110 provides examples of factors which may indicate that the CAE reports functionally to the Board, which include where the board:</i> a) approves the internal audit charter b) approves the risk-based audit plan c) approves the internal audit budget and resource plan d) receives communications from the CAE on the activity's performance (in relation to the plan, for example) e) approves decisions relating to the appointment and	✓✓			a) and b) annually as per Governance and Audit Committee agendas c) Partnership agreement agrees days and therefore contributions and budget monitoring reported to RIAS Board. GAC kept informed of staff resource within the regular Progress Against the Plan reports (see agendas) and the Annual Reports d) Progress Against the Plan reports to each GAC quarterly as per agenda e) and f) Head of RIAS was appointed by VOG Senior Management Committee involving chairs of the 4 audit committees. Meeting 6/12/18. Replacement will be via the Senior Management Appointment Committee meeting 3/11/22 with input from S151 and Chairs of GAC of the 4 participating Councils g) highlighted if necessary, in above reports	9.1, 9.2, 9.3, 9.4 3.1, 3.2, 3.3, 3.4

	removal of the CAE f) approves the remuneration of the CAE g) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.					
	1110 Conclusion	✓✓				
	1111 Direct Interaction with the Board					
61	Does the CAE communicate and interact directly with the board?	✓✓			At Governance & Audit Committee meetings. Meeting minutes evidence Head of RIAS in attendance. In addition there are pre meetings with Chairs and training sessions when appropriate.	
	1111 Conclusion	✓✓				
	1112 Chief Audit Executive Roles Beyond Internal Auditing					
62	Where the CAE has roles or responsibilities that fall outside of internal auditing, are adequate safeguards in place to limit impairments to independence or objectivity?	✓✓			Not Applicable – Regional Internal Audit Service Internal Audit has no operational responsibility for any other service delivery but does lead on Fraud matters in the Vale & Merthyr and liaises with Fraud staff at Bridgend & RCT	
63	Does the board periodically review these safeguards?	✓✓			Not Applicable – Regional Internal Audit Service	
	1112 Conclusion	✓✓				
	1120 Individual Objectivity					
64	Do internal auditors have an impartial, unbiased attitude?	✓✓			Internal Audit Charter – Code of Ethics – Annex 2 Vale of Glamorgan Code of Conduct & Register of Interests Annual declarations	1 7 6
65	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓✓			Vale of Glamorgan Code of Conduct & Register of Interests Annual declarations Declarations and any previous roles within the Council are taken into account by Audit Managers when allocating work	7 6
	1120 Conclusion	✓✓				
	1130 Impairment to Independence or Objectivity					
66	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)?	✓✓			There has been no instances of an auditor's independence or objectivity being impaired.	
67	Does review indicate that work allocations have operated so that internal auditors have not assessed specific operations for which they have been responsible within the previous year?	✓✓			As above	
68	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?	✓✓			Not applicable - NCC external assessment ✓	
69	Is the risk of over-familiarity or complacency managed effectively: for example by rotating assignments for ongoing assurance engagements and other audit responsibilities periodically within the internal audit team?	✓✓			Whenever possible, as part of the annual planning process and audit allocation process, the Audit Managers will ensure that there is staff rotation of auditable areas if necessary	

70	Have internal auditors declared interests in accordance with organisational requirements?	✓✓			Annual declarations	6
71	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?	✓✓			N/A - Auditors have not accepted any gifts or hospitality but are aware of the Council's Code of Conduct and the Gifts & Hospitality Policy.	6
72	Does review indicate that no instances have been identified where an internal auditor has used information obtained during the course of duties for personal gain?	✓✓			No evidence to suggest auditors using information obtained during their duties for personal gain.	
73	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	✓✓			RIAS Manual Charter & Code of Ethics All audits are reviewed by a Senior staff member prior to draft being issued. Code of Ethics requires that ' <i>Internal Auditors will perform their work with honesty, diligence and responsibility. Will observe the law and make disclosures expected by law and the profession.</i> '	2 1 and 6
74	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?	✓✓			N/A NCC external assessment ✓	
75	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	✓✓			All 4 Annual Plans include an allocation for emerging risks or unplanned work. Any unplanned work will be included on the Progress Against Plan report to GAC	
	1130 Conclusion	✓✓			NCC external assessment generally conforms	
	1200 Proficiency and Due Professional Care					
	1210 Proficiency					
76	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓✓			CIPFA qualified.	
77	Is the CAE suitably experienced?	✓✓			Head of RIAS has many years' experience in the public sector and a number of years audit experience prior to becoming the Head of RIAS in February 2019, as well as CIPFA qualified he is also AAT qualified and a qualified Programme Manager with over 30 years Internal Audit & Senior management experience in the public sector Deputy Head is also CIPFA qualified with over 30 years public sector finance & audit experience.	
78	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓✓			Recruitment & Selection undertaken in accordance with the Vale of Glamorgan Recruitment & Selection Policy as Vale is the host Authority. Adverts are placed externally and shared with partnering Authorities.	
79	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	✓✓			All job descriptions and person specifications independently evaluated and were updated during 2021 prior to the RIAS staff restructure All JD's and Person Specs	12
80	Having regard to the answers to the other questions in this section and other matters, does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓✓			IA Charter – Section 3.4 to 3.7 – Resources and Proficiency RIAS Manual Part 3 Structure & Responsibilities & App D Structure implemented in 2021 Person Specifications – specifies skills and knowledge required During 2021 staff were matched into posts within the structure, commensurate experience was demonstrated in some roles where the required formal qualifications were not held. The service has a qualified IT Auditor and some CIPFA + IIA qualified staff. It has recently recruited another IT Auditor and a number of graduates who will be undertaking professional training to increase the proportion of qualified staff. The Service also has a call off contract with SWAP to support with capacity and potentially specialist skills.	1 2 & 13 12

81	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	✓✓			SWAP Internal Audit Services are used if required. Not yet used for specialist skills, just additional capacity.	
82	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓✓			<p>RIAS Manual – Part 7 Anti Fraud, Bribery & Whistleblowing</p> <p>Counter Fraud Strategy & Framework and other fraud documents are available to all staff on staffnet</p> <p>Corporate Fraud Officer available for staff referrals / discussions at any time.</p> <p>Gaps in knowledge would be identified in individual's its about me process</p>	<p>2</p> <p>24, 23</p>
83	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓✓			<p>Staff have sufficient knowledge for audits that are allocated to them</p> <p>Gaps would be identified in its about me process and the post audit assessment reviews</p> <p>Assistant Audit Manager holds (ISACA) – CISA qualification and available if required to share knowledge</p> <p>ICT Auditor now in post and will assist in any complex IT issues</p>	
84	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>Auditors do consider the use of technology-based audit and other data analysis techniques</p> <p>IDEA Training was undertaken by some staff pre Regional Service</p> <p>4 IDEA licences within RIAS so specific Auditors use IDEA for complex data analysis.</p>	
1210 Conclusion		✓✓				
1220 Due Professional Care						
85-89	Do internal auditors exercise due professional care by considering the:				<p>There is a statutory requirement for Internal Audit to work in accordance with the "proper audit practices". The PSIAS and the CIPFA Local Government Application Note have been adopted.</p> <p>Internal Audit Charter – Due Professional Care – 3.8</p> <p>RIAS Manual – 3.5</p> <p>Term of Reference template</p> <p>Report template</p> <p>e) N/A</p>	<p>1</p> <p>2</p> <p>25</p> <p>20</p>
90-92	Do internal auditors exercise due professional care during a consulting engagement by considering the				<p>All requests considered on merit; requirements are obtained in writing. If appropriate reports are produced and recommendations are made if necessary.</p> <p>Attendance on certain Boards if presence requested -eg) Information Governance Board to offer advice and guidance</p>	
1220 Conclusion		✓✓				
1230 Continuing Professional Development						
93	Has the CAE defined the skills and competencies for each level of auditor?	✓✓			JD's and person specifications	12

94	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓✓			“Its about me” which is a corporate staff development process conducted by line managers on their staff to identify development and training needs. Also, assessment is undertaken as part of the review of every audit piece of work by the relevant Audit Manager.	14
95	Do internal auditors undertake a programme of continuing professional development?	✓✓			Those professionally qualified need to complete own CPD requirements Annual <i>its about me</i> – training and development discussed Opportunity to undertake professional qualifications regularly offered Idev –mandatory and optional training undertaken and recorded	
96	Do internal auditors maintain a record of their professional development and training activities?		✓✓		Idev maintains a record of courses completed and information held by staff. This is reported in the Head of Internal Audit Annual Reports 2021-22 * 4	3.1, 3.2, 3.3, 3.4
	1230 Conclusion	✓✓				
	1300 Quality Assurance and Improvement Programme					
97	Has the CAE developed a QAIP that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	✓✓			A Self-Assessment to ensure compliance with PSIAS is conducted on an annual basis by an auditor and any non-conformance is reported to the relevant Governance & Audit Committee. Since forming the Regional Service many documents and work methods have changed to form as standardised approach and to reflect the new audit software system.	
98	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	✓✓			Internal Audit Charter – Section 4 RIAS Manual – Section 6 IA has recently adopted a post audit performance and quality check undertaken by the relevant Audit Manager or Assistant Audit Manager following the issuing of a draft report. This identifies good practice and areas for improvement for the Auditor completing the work. IA performance / progress against the plan is reviewed by Audit Managers and reported to the Governance & Audit Committee on a quarterly basis Performance Targets developed in consultation with All Wales IA Benchmarking Group are included in the respective annual reports (Section 8) Client Satisfaction Questionnaires - The completed client satisfaction questionnaires are returned electronically and reviewed by the relevant manager See completed questionnaire Performance is raised at Team meetings and at Service wide staff meetings with staff involved in identifying how performance can be improved.	1 2 14 27.1, 27.2, 27.3 (RCT same format but GAC cancelled) 3.1, 3.2, 3.3, 3.4 16 15
99	Does the CAE maintain the QAIP?	✓✓			The PSIAS Self-Assessment is performed by an elected Auditor in consultation with the Head of RIAS and it is referenced in the Annual Reports	3.1, 3.2, 3.3, 3.4
100	Are any statutory requirements for review of the internal audit activity satisfied?	✓✓			IA Charter – Section 4 – Quality Assurance & Improvement Programme. Self-assessment undertaken annually and reported in Annual Reports along with the RIAS Service Performance.	1 3.1, 3.2, 3.3, 3.4
	1300 Conclusion	✓✓				
	1310 Requirements of the Quality Assurance and Improvement Programme					
101	Does the QAIP include both internal and external assessments?	✓✓			Charter - External Assessment (page 13) In compliance with the PSIAS, external assessment will be carried out once every five years by a qualified, independent assessor or assessment team from outside of the RIAS Councils. The External Assessment of the previous Shared Service between Bridgend CBC and the Vale of Glamorgan Council took place during in 2017 and RCT in 2017 and Merthyr Tydfil in	1

					2019. The next external assessment for the expanded Regional Service will take place in 2022.	
	1310 Conclusion	✓✓				
	1311 Internal Assessments					
102	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓✓			The relevant Audit Manager ensures that audits are allocated to appropriate staff members	
103-104	Do internal assessments include ongoing monitoring of the internal audit activity such as: a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	✓✓ ✓✓			All audit reports are reviewed by the relevant Audit Manager or Assistant Audit Manager Post audit performance and quality check completed each time See example of completed quality check	14
105	Does ongoing performance monitoring contribute to quality improvement through the effective use of performance targets?	✓✓			Annual Reports – Key performance measures reported in Section 8 Performance discussed at RIAS Staff Session August 2022	3.1, 3.2, 3.3, 3.4 15
106	Is there a set of comprehensive targets which between them encompass all significant internal audit activities?	✓✓			Performance Targets developed in consultation with All Wales IA Benchmarking Group. (WCIAG) and reported in all 4 Annual Reports	3.1, 3.2, 3.3, 3.4
107	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓✓			Performance Targets developed in consultation with All Wales IA Benchmarking Group. (WCIAG)	
108	Does the CAE measure, monitor and report on progress against these targets?	✓✓			RIAS performance is reviewed by management and reported to the Governance & Audit Committee in the annual report – Section 8 Staff were informed via the annual report and the RIAS Service Wide Staff meeting	3.1, 3.2, 3.3, 3.4 15
109	Does ongoing performance monitoring include obtaining stakeholder feedback?	✓✓			Client Satisfaction Questionnaire issued after completion of each audit and outcomes reviewed and reported in annual report	16
110	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.	✓✓			Annual internal self-assessments undertaken by Audit Managers. External Assessment undertaken by a qualified, independent assessor every 5 years, last time it was CIPFA for Vale and Bridgend and peer reviews for RCT and Merthyr Further External Assessment planned for 2022 External Assessment undertaken during 2022/23 by Chief Internal Auditor and Audit Manager at Newport CC, both CPFA qualified with extensive IA experience	
111	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	✓✓			Monitoring of activity against the risk-based plan regularly undertaken and reported quarterly to Governance and Audit Committee – Progress Against the Plan Reports	27.1, 27.2, 27.3
	1311 Conclusion	✓✓				
	1312 External Assessments					
112	Has an external assessment been carried out, or is one planned to be carried out, at least once every five years?	✓✓			The External Assessment of the previous Shared Service between Bridgend CBC and the Vale of Glamorgan Council took place during in 2017 and in the other respective Councils in 2018/19. The next external assessment will take place in 2022 via a per review by a Head of Internal Audit in another Local Authority. External Assessment undertaken during 2022/23 by Chief Internal Auditor and Audit Manager at Newport CC, both CPFA qualified with extensive IA experience	
113	Has the CAE discussed the alternative approaches to external assessment with the board? <i>This should reflect the relative costs of the different approaches, the potential advantages of an external viewpoint, and whether</i>	✓✓			The Welsh Chief Internal Auditors Group (WCIAG) considered the pros and cons of the types of assessment and agreed upon self-assessment with independent external verification – peer review.	28

	<i>there are factors which might be considered to warrant a demonstrably independent assessment.</i>				Peer review was agreed with the RIAS Board but they requested that it should be undertaken by a Chief Auditor who has experience of providing Internal Audit to more than 1 Council.	
114	<p>Has the CAE properly discussed the qualifications and independence of the assessor or assessment team with the board?</p> <p><i>In doing this, the CAE should consider whether the assessor or assessment team has demonstrated its competence in both the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through both experience and theoretical learning. Experience of similar organisations or sectors is more valuable than less relevant experience. In the case of an assessment team, not all members need to have all the competencies – it is the team as a whole that is qualified.</i></p> <p><i>If the capability of the assessor or assessment team is not immediately obvious, the CAE should document how they used professional judgement to decide whether this is sufficient to carry out the external assessment.</i></p> <p><i>If the assessor or assessment team has any real or apparent conflicts of interest with the organisation, this should be clearly explained to the board, and safeguards should be put in place to minimise the effect of this on the conduct of the external assessment.</i></p> <p><i>Conflict of interest 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.</i></p>	✓✓			The Welsh Chief Internal Auditors Group (WCIAG) has established the scope of the assessment and the Terms of Reference identifies that the assessors must be appropriately qualified and competent.	
115	<p>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?</p> <p><i>The CAE should also agree this scope with the external assessor or assessment team.</i></p>	✓✓			<p>The RIAS Board agreed that the external review process as agreed with WCAG be adopted</p> <p>The external assessment was referenced in the Annual Reports (Section 9)</p> <p>The Welsh Chief Internal Auditors Group (WCAG) has established the scope.</p>	<p>28</p> <p>3.1, 3.2, 3.3, 3.4</p>
	1312 Conclusion	✓✓				
	1320 Reporting on the Quality Assurance and Improvement Programme					

116	Has the CAE reported the results of the QAIP to senior management and the board? <i>Note that:</i> a) the results of both external and periodic internal assessment must be communicated upon completion b) the results of ongoing monitoring must be communicated at least annually c) 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.	✓✓			The previous external assessments were reported to the relevant Audit Committees at the time. An example of the VOG & BCBC action plan in 2017 is provided Annual Reports confirm continuing compliance to the Standards – Section 9 and Progress in Section 10	17 3.1, 3.2, 3.3, 3.4
117	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓✓			Annual Report - Section 9 & 10	3.1, 3.2, 3.3, 3.4
	1320 Conclusion	✓✓				
	1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'					
118	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓✓			Annual Report - Section 9	3.1, 3.2, 3.3, 3.4
	1321 Conclusion	✓✓				
	1322 Disclosure of Non-conformance					
119	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓✓			No deviations from PSIAS have been identified	
120	If appropriate, has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓✓			n/a	
	1322 Conclusion	✓✓				
F	Performance Standards					
	2000 Managing the Internal Audit Activity					
	2010 Planning					
121	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	✓✓			RIAS Manual – Preparing the RIAS Audit Plan - 4.8	2
122	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓✓			Charter – Section 1 - Purpose Annual Reports – 1.4 The 2021/22 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Internal Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control. The plan had regard to the continuing impact caused by the pandemic and the changes that have been made to the way the Council is operating.	1, 3.1, 3.2, 3.3, 3.4

123-125	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	✓✓ ✓✓ ✓✓			Charter Audit Strategy * 4	1, 4.1.1, 4.2.1, 4.3.1, 4.4.1
126	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓✓			Charter Audit Strategy – Section 6	1, 4.1, 4.2, 4.3, 4.4
127	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	✓✓			Charter Audit Strategy – Section 8	1, 4.1, 4.2, 4.3, 4.4
128	If such a risk management framework does not exist, has the CAE used their judgement of risks after input from senior management and the board and evidenced this?	✓✓			Meetings and emails between Chief Officers and Audit Managers during the planning process See example of reply from HoS	18
129-131	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	✓✓ ✓✓ ✓✓			The Annual Plan is approved by Governance & Audit and sets out the audit work to be performed, the priorities and the resources required. Resources are also discussed in the RIAS Board meetings See resources available to deliver the audit plan overall and per audit job	4.1.2, 4.2.2, 4.3.2, 4.4.2 28
132	Does the risk-based plan differentiate between audit and other types of work?	✓✓			Yes, consultancy, advice and guidance built in	4.1.2, 4.2.2, 4.3.2, 4.4.2
133	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓✓			Contingency is built into the plan for emerging risks and unplanned items	4.1.2, 4.2.2, 4.3.2, 4.4.2
134	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	✓✓			Each plan is monitored regularly by the relevant Audit Manager and Head RIAS, Regular meetings with relevant S151 Officers in each Authority regarding progress, issues identified etc, and Progress against the plan is reported to all 4 GAC's quarterly. In progress v plan reports state if there any changes to plan or not	27.1, 27.2, 27.3, 27.4
135	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓✓			Corporate risk registers and service plans are used to inform the planning process as per the Audit Strategy (Sections 6,7 and 8) alongside discussions with Senior Officer and Governance and Audit Committee It is planned to refine this process further making use of the MK Pentana software functionality	4.1, 4.2, 4.3, 4.4
136	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓✓			As Above.	
137-140	In developing the risk-based plan, has the CAE also given sufficient consideration to: a) Any declarations of interest (for the avoidance for conflicts of interest)? b) The requirement to use specialists, eg IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary?	✓✓ ✓✓ ✓✓			a) All staff complete and are asked to maintain declarations of interest and Audit Manager had regard to these b) Have IT Specialist in team and Senior Auditors have developed specialisms which are considered. Also have the option to use SWAP c) Fraud and contingency provision is included in the audit plans	6 4.1.2, 4.2.2, 4.3.2, 4.4.2

	d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	✓✓			d) This provision is also included in the audit plan for these items	
141	In developing the risk-based plan, has the CAE consulted with senior management and the board to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes?	✓✓			Consultation meetings with Chief Executives, Directors, Heads of Service each year on the annual plan of work provides the opportunity for senior management to input to the risk-based plan. This is completed using a questionnaire and meetings	18.1 18.2
142	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓✓			Annual Reports 2021/22 <ul style="list-style-type: none"> • The Consultation with Heads of Service allows consideration of their expectations. • Quarterly meetings with External Auditors • Regular Meetings with S151 Officers • Pre Governance & Audit Committee briefings with Chair & Vice Chair. • Regular Governance and Audit Committee Meetings 	3.1, 3.2, 3.3, 3.4
143	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	✓✓			As above, audits and consultancy work terms of reference takes account of any identified / perceived risks	
144	Are consulting engagements that have been accepted included in the risk-based plan?	✓✓			If accepted they would be included in plan and therefore the monitoring reports. There is a provision in the plan for advice and guidance as well as a contingency provision.	
	2010 Conclusion	✓✓				
	2020 Communication and Approval					
145	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	✓✓			Covering Reports of the Strategy and Plan to GAC * 4	4.1, 4.2, 4.3, 4.4
146	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓✓			Any significant changes are reported to Governance & Audit Committee as and when they arise and included in quarterly the progress against plan report .	27.1, 27.2, 27.3
147	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓✓			Vacancies and impact of Covid have been communicated to G&A Committees and RIAS Board Meetings along with mitigation until posts are filled including use of SWAP.	11 & 28
	2020 Conclusion	✓✓				
	2030 Resource Management					
148	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓✓			The number of audit days have been agreed in the RIAS business case and the plan is developed on this basis.	
149	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise disruption to the functions being audited, subject to the requirement to obtain sufficient assurance?	✓✓			As part of the consultation process heads of service etc are informed of audit work to be undertaken in their areas in advance of work being performed. As part of the planning for individual audits, management are informed that an audit is to be undertaken and issues regarding timing considered. An email is send to each Directorate after plan has been agreed to inform them of the planned work and request information in respect of best timings etc.	19
150	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board?	✓✓			Any resource issues e.g. vacant posts are reported to Governance & Audit Committee including impact in terms of slippage. Agreement to have an agreement with SWAP Internal Audit Services to cover for any shortfalls as and when required.	
	2030 Conclusion	✓✓				

	2040 Policies and Procedures				
151	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓✓			RIAS Manual and associated appendices 2
152	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	✓✓			RIAS Manual updated regularly to reflect any changes in working practices, standards & legislation. The RIAS Manual has been updated most recently to reflect the changes following the implementation of the audit software system and the adoption of processes across the RIAS 2
	2040 Conclusion	✓✓			
	2050 Coordination				
153	Does the risk-based plan include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	✓✓			Audit Strategy – take account of other regulatory bodies' reports, - 15.1 Regular Audit Wales meetings and Audit Wales reports Other regulators where appropriate 4.1.1, 4.2.1, 4.3.1, 4.4.1
	2050 Conclusion	✓✓			
	2060 Reporting to Senior Management and the Board				
154	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓✓			GAC - Progress against plan reports Annual Reports RIAS Board Meetings 27.1, 27.2, 27.3 3.1, 3.2, 3.3, 3.5 11 & 28
155	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	✓✓			Performance and progress relative to the Plan is reported to the Governance & Audit Committee on a quarterly basis. Issues identified within any limited assurance reports are detailed as well as any areas of concern including regular fraud updates Information also provided in the Annual Reports 27.1, 27.2, 27.3 3.1, 3.2, 3.3, 3.5
156	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	✓✓			Quarterly reporting to the Governance & Audit Committee, Additional meetings may be called as required in exceptional circumstances.
	2060 Conclusion	✓✓			
	2070 External Service Provider and Organisational Responsibility for Internal Auditing				
157	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?	✓✓			Set out in reports and legal agreement for the expansion of Regional Internal Audit Service. Tender exercise undertaken and contract awarded to SWAP Internal Audit Services to be used as and when required.
	2070 Conclusion	✓✓			
	2100 Nature of Work				
	2110 Governance				
158-163	Does the internal audit activity assess and make appropriate recommendations to improve the organisation's governance processes for: a) Making strategic and operational decisions? b) Overseeing risk management and control? c) Promoting appropriate ethics and values within the organisation?	✓✓ ✓✓ ✓✓			The following documents provide a systematic and disciplined approach: <ul style="list-style-type: none"> RIAS Manual – Appendix F Annual Reports 2021/22 IA Charter Annual Plan 2022/23. Progress against the plan reports 2 3.1, 3.2, 3.3, 3.4 1 4.1, 4.2, 4.3, 4.4 27.1, 27.2, 27.3 20

	<p>d) Ensuring effective organisational performance management and accountability? ✓✓</p> <p>e) Communicating risk and control information to appropriate areas of the organisation? ✓✓</p> <p>f) Coordinating the activities of and communicating information among the board, external and internal auditors and management? ✓✓</p>			<p>In addition, the standard audit report template states the audit will provide an opinion on “the adequacy and effectiveness of internal control, governance and risk management arrangements in place”. Risk and controls are explained in context of findings</p> <p>Annual Governance Statement is included on the audit plan across all 4 Council’s for this purpose as well as this element being included in individual audits where appropriate</p>	
164	Has the internal audit activity evaluated the design, implementation and effectiveness of the organisation’s ethics-related objectives, programmes and activities? This is an area where the CAE may be able to use other sources of assurance. ✓✓			<p>Annual Reports – to provide the Governance and Audit Committee with assurance on the whole system of internal control, including the adequacy of risk management and corporate governance arrangements and also audit reviews on the codes of conduct is included in the audit plans as well as a review of the Annual Governance Statements</p>	3.1, 3.2, 3.3, 3.4
165	Has the internal audit activity assessed whether the organisation’s information technology governance supports the organisation’s strategies and objectives? This is an area where the CAE may be able to use other sources of assurance. ✓✓			<p>IT audits are programmed each year to enable Internal Audit to assess whether the Authority’s IT governance supports its strategies and objectives.</p> <p>The Assistant Audit Manager is ISACA qualified and there is a new ICT Auditor post recently filled to ensure there is a level of expertise.</p>	
	2110 Conclusion	✓✓			
	2120 Risk Management				
166-169	<p>Has the internal audit activity evaluated the effectiveness of the organisation’s risk management processes by determining that:</p> <p>a) Organisational objectives support and align with the organisation’s mission? ✓✓</p> <p>b) Significant risks are identified and assessed? ✓✓</p> <p>c) Appropriate risk responses are selected that align risks with the organisation’s risk appetite? ✓✓</p> <p>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? ✓✓</p>			<p>Risk Management is included on the audit plan across all 4 Council’s for this purpose as well as this element being included in individual audits where appropriate</p> <p>RIAS Manual – Appendix G</p>	2
170-174	<p>Has the internal audit activity evaluated the risks relating to the organisation’s governance, operations and information systems regarding the:</p> <p>a) Achievement of the organisation’s strategic objectives? ✓✓</p> <p>b) Reliability and integrity of financial and operational information? ✓✓</p> <p>c) Effectiveness and efficiency of operations and programmes? ✓✓</p> <p>d) Safeguarding of assets? ✓✓</p> <p>e) Compliance with laws, regulations, policies, procedures and contracts?</p>			<p>These elements are considered in all audits as appropriate.</p>	
175	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk? ✓✓			<p>Counter Fraud Strategy Framework 2021-24</p> <p>Anti Fraud, Bribery & Corruption Policy</p> <p>RIAS Manual Part 7 Anti-Fraud, Bribery And Whistleblowing</p> <p>Annual Plan - Audit budget for fraud, error, and irregularities in each plan</p>	<p>24</p> <p>23</p> <p>2</p>

176	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓✓			Risk is always considered during all audit assignments. Corporate & Service Risk Registers are accessed Audit terms of reference and work programmes on MK Insight identify the risks	25
177	Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓✓			Risk is always considered during all assignments.	
178	Do internal auditors incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes?	✓✓			Knowledge of risks gained from consulting engagements are considered where necessary. Annual Reports - Analyses the work and overall performance of the Internal Audit Service and contains the assurance statement based on all the work undertaken during the year.	
179	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	✓✓			Auditors provide advice and guidance but would not directly be involved in risk management processes.	
	2120 Conclusion	✓✓				
	2130 Control					
180-184	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓✓ ✓✓ ✓✓ ✓✓ ✓✓			Annual Reports – Evaluates and provides assurance to Governance & Audit Committee on the adequacy of controls in respect of each Authority's governance, operations and information systems.	3.1, 3.2, 3.3, 3.4
185	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓✓			Yes all relevant information is used	
	2130 Conclusion	✓✓				
	2200 Engagement Planning					
186	Do internal auditors develop and document a plan for each engagement?	✓✓			RIAS Manual – Section 5 : Conducting Audits including Appendix J detailed process and Appendix H – MK Pentana instructions Terms of reference then developed and issued from Pentana MK	2 25
187-190	Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource allocations?	✓✓ ✓✓ ✓✓ ✓✓			See RIAS Terms of reference template Timing – when best to avoid or undertake the audit is asked of Senior Managers when plan is agreed and the Audit Manager makes every effort to take requests into consideration. The Auditor is allocated a number of days to complete each audit on their quarterly allocation and this allocation is reflected on the Pentana MK system where actual against planned time is monitored.	25 19
191-198	Do internal auditors consider the following in planning an engagement, and is this documented: a) The objectives of the activity being reviewed? b) The means by which the activity controls its performance? c) The significant risks to the activity being audited? d) The activity's resources?	✓✓ ✓✓ ✓✓ ✓✓			RIAS Manual – Section 5 : Conducting Audits & Appendix J All documents and evidence are saved in an electronic folder for each audit and key documents are linked in Pentana MK a) Objectives included in the terms of reference and on work programmes b) Expected and actual controls included in work programmes. c) Risks included in work programmes	2

	e) The activity's operations? f) The means by which the potential impact of risk is kept to an acceptable level? g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model? h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	✓✓ ✓✓ ✓✓ ✓✓			d) Would be covered in initial meeting e) Service plans, performance indicators, staffnet reviewed f) Actual and expected controls are documented in Pentana MK g) All documented in work programmes h) Management action plan issued containing any recommendations made to make improvements	
199-201	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?	✓✓ ✓✓ ✓✓			Not applicable to Merthyr VOG & BCBC but in RCT there is an agreement in place for work on SE Wales Corporate Joint Committee (CJC)	29
202-204	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following: a) Objectives? b) Scope? c) The respective responsibilities of the internal auditors and the client and other client expectations?	✓✓ ✓✓ ✓✓			Same process would be followed as explained above	
205	For significant consulting engagements, has this understanding been documented?	✓✓			As above.	
	2200 Conclusion	✓✓				
	2210 Engagement Objectives					
206	Have objectives been agreed for each engagement?	✓✓			Initial objective is agreed at the audit plan stage as detailed This is developed during the initial meeting and are included on the terms of reference RIAS Manual – Appendix J	4.1, 4.2, 4.3, 4.4 25 2
207	Have internal auditors carried out a preliminary risk assessment of the activity under review?	✓✓			RIAS Manual Section 4 – audit planning and risk assessment process to develop the audit plan Once the audit has been allocated, the Auditor will discuss risk in the initial meeting with the auditee	
208	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	✓✓			Yes, the terms of reference will reflect any information gained by Auditors during the planning stage as well as the information gathered during the audit planning stage – risk registers, service plans etc	
209-212	Have internal auditors considered the probability of the following, when developing the engagement objectives: a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?	✓✓ ✓✓ ✓✓ ✓✓			RIAS Manual – Section 4 The audit objectives are prepared by the relevant Audit Manager based on the information obtained when preparing the audit plans. This is the basis for the TOR of the audit. The Auditor discusses this with the Auditee and develops the audit scope, testing etc to deliver the scope. This takes into account governance, risk and internal control and also errors, fraud and non-compliance	2

213	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether organisational objectives and goals have been accomplished?	✓✓			Corporate Plans, Service Plans, Corporate Self-Assessments are available and Corporate Self Assessment is included in 2022/23 plan	
214	If the criteria has been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓✓			Yes, depending on the nature and type of audit being conducted	
215	If the criteria has been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?	✓✓			Yes if necessary	
216	If the value for money criteria has been referred to, has the use of all the organisation's main types of resources been considered, including money, people and assets?	✓✓			Yes if necessary but VFM audits not conducted recently	
217	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	✓✓			Yes, depending on the nature and type of engagement	
218	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	✓✓			As above.	
	2210 Conclusion	✓✓				
	2220 Engagement Scope					
219	Is the scope that is established for each engagement generally sufficient to satisfy the engagement's objectives?	✓✓			RIAS Manual – Appendix J Terms of Reference is discussed with relevant Manager and Auditor, and this is also agreed by relevant Audit Manager before issue	2
220	Does the scope for each engagement include consideration of relevant systems, records, personnel and physical properties?	✓✓			As above.	
221	Does this consideration include areas under the control of outside parties, where appropriate?	✓✓			As above.	
222	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?	✓✓			N/A	
223	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting standards?	✓✓			N/A	
224	For each consulting engagement, was the scope of the engagement generally sufficient to address any agreed-upon objectives?	✓✓			N/A	
225	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?	✓✓			N/A	
226	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	✓✓			N/A	

227	During consulting engagements, were internal auditors alert to any significant control issues?	✓✓			RIAS Manual Section 5 :paragraph 5.1 During the conduct of an audit, auditors will be alert to any significant risks and control issues.	2
2220 Conclusion		✓✓				
2230 Engagement Resource Allocation						
228-230	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?	✓✓ ✓✓ ✓✓			The individual audits are allocated to audit staff by the relevant Audit Manager. The audits are allocated to staff after considering a), b) and c) See staff allocation to audit job	
2230 Conclusion		✓✓				
2240 Engagement Work Programme						
231	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓✓			Work programmes are developed for each audit in MK Pentana – see RIAS Manual – Appendix G – page 26	2
232-235	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	✓✓ ✓✓ ✓✓ ✓✓			RIAS Manual Section 5 : Audit Testing and Appendix J See actual work programme	2
236	Were work programmes approved prior to implementation for each engagement?	✓✓			Scope and objectives are approved by the Audit Manager for each audit and the Auditor will select the appropriate pre-approved programmes from the library of programmes for audits. Staff also discuss any queries with colleagues across the Service including the relevant Manager. Where staff are less experienced support is provided by the Audit Managers / Senior Auditors to guide them.	
237	Were any adjustments required to work programmes approved promptly?	✓✓			N/A	
2240 Conclusion		✓✓				
2300 Performing the Engagement						
2310 Identifying Information						
238	Do internal auditors generally identify (sufficient, reliable, relevant and useful) information which supports engagement results and conclusions?	✓✓			RIAS Manual Section 5 : Audit Testing and Appendix J Audit Manager will ensure during management review that information has been appropriately identified, analysed, evaluated and documented. In order to ensure the quality of the work performed by Audit staff, a range of quality measures are in place which include: <ul style="list-style-type: none">• Supervision & direction of staff conducting audit work• Documented review of all completed audits by the relevant Audit Manager via the post audit performance and quality check by the relevant manager.	2 14
2310 Conclusion		✓✓				
2320 Analysis and Evaluation						
239	Have internal auditors generally based their conclusions and engagement results on appropriate analyses and evaluations?	✓✓			RIAS Manual Section 5 : Audit Testing and Appendix J Audit Manager will ensure during management review that information has been appropriately identified, analysed, evaluated, and documented.	2 14
240-244	Have internal auditors generally remained alert to the possibility of the following when performing their individual audits, and has this been documented:				RIAS Manual Section 5 : Audit Testing and Appendix J Audit Manager will ensure during management review that information has been appropriately identified, analysed, evaluated and documented.	2 14

	a) Intentional wrongdoing? b) Errors and omissions? c) Poor value for money? d) Failure to comply with management policy? e) Conflicts of interest?	✓✓ ✓✓ ✓✓ ✓✓ ✓✓				
	2320 Conclusion	✓✓				
	2330 Documenting Information					
245	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓✓			As above. All working papers & audit reports are reviewed to ensure this is the case.	
246	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓✓			RIAS Manual and Appendix J Standardised work programmes and linked evidence in MK Pentana Relevant Audit Manager, during review process, will ensure that the working papers are sufficiently detailed and support the report's conclusions.	2 14
247	Does the CAE control access to engagement records?	✓✓			Pentana MK is a cloud based application with security access in place	
248	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	✓✓			The Head of RIAS would only release information after advice from the relevant Information Governance Manager.	
249	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓✓			VOG Retention Schedule is used as Vale is the host authority – information kept for 7 years Pentana MK can allow archiving of information	26
250	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓✓			As above	
	2330 Conclusion	✓✓				
	2340 Engagement Supervision					
251	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓✓			RIAS Manual and Appendix K – Audit Reporting RIAS Manual and Appendix L – Quality Assurance Audit Managers undertake audit reviews and the results are recorded on the <i>Post Audit Performance & Quality Check form included in Appendix K</i>	2 14
252	Is appropriate evidence of supervision documented and retained for each engagement?	✓✓			RIAS Manual and Appendix H – Pentana MK User Manual All work programmes within Pentana MK are examined and signed off during the audit review by the relevant Audit Manager. Review points are also raised in MK for Auditors to action and review points on draft reports retained	2
	2340 Conclusion	✓✓				
	2400 Communicating Results					
	2410 Criteria for Communicating					
253-256	Do the communications of engagement results include the following: a) The engagement's objectives?	✓✓			RIAS Manual and Appendix J – Managing Audit Assignments & Appendix K – Audit Reporting	2 20

	b) The scope of the engagement? c) Applicable conclusions? d) Recommendations and action plans, if appropriate?	✓✓ ✓✓ ✓✓			Report Template - Internal Audit reports include the scope & objectives, conclusions and recommendations of the audit. See example of a completed audit report	
257	Do internal auditors generally discuss the contents of the draft final reports with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	✓✓			RIAS Manual and Appendix J – Managing Audit Assignments – Communicating Results page 9 See evidence of discussion with management	2
258	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓✓			RIAS Manual and Appendix K – Audit Reporting Individual recommendations within the audit report will be categorised using colour coding as: <ul style="list-style-type: none"> • High Priority: Action that is considered imperative to ensure that the organisation is not exposed to high risks. • Medium Priority: Action that is considered necessary to avoid exposure to significant risks. • Low Priority: Action that is considered desirable and should result in enhanced control. 	2 20
259	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓✓			As above. All audit reports include an action plan, which includes a column “Management Comments” and the “date to be implemented”.	20
260	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?	✓✓			As above. There is a column on the action plan “agreed Y/N”. If the Manager selects no the Auditor or Audit Manager will ensure that the risk is highlighted to ensure that the Manager is willing to accept this risk. This does not happen very often. Governance and Audit Committee receive a quarterly Recommendation Monitoring report and any recommendations not agreed will be highlighted in that report This information is also included in the performance data in the Annual Reports Section 8	20 30.1, 30.2, 30.3 3.1, 3.2, 3.3, 3.4
261	Subject to confidentiality requirements and other limitations on reporting, do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice?	✓✓			Internal Audit Charter – Code of Ethics – Annex 2 Vale of Glamorgan Code of Conduct & Register of Interests Annual declarations	1 7 6.1
262	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓✓			Opinions are taken into account where relevant.	
263	Opinions should be supported by sufficient, reliable, relevant and useful information (in line with responses to questions for PSIAS 2300).	✓✓			RIAS Manual and Appendix J – Managing Audit Assignments RIAS Manual and Appendix K – Audit Reporting Audit Managers check that all conclusions are appropriately supported with evidence.	2 2 14
264	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓✓			Report Template – strengths are reported as well as areas for improvement	20
265	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	✓✓			Report Template – standard text states “any enquires regarding the disclosure or re-issue of this document to third parties should be sent to the Head of the Regional Internal Audit Service via cmthomas@valeofglamorgan.gov.uk ”	20
266	Where the CAE has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, have the risks of doing so been managed effectively, having regard to the CAE's primary	✓✓			Yes – SLA in place for CJC.	

	responsibility to the management of the organisation for which they are engaged to provide internal audit services?				Other examples are bodies hosted by the LA eg) Amgen and Central South Consortium as they are hosted by RCT, small body returns for Llwydcoed Crematorium, Coychurch Crematorium, Regional Adoption Service and Porthcawl Harbour	
	2410 Conclusion	✓✓				
	2420 Quality of Communications					
267	Are internal audit communications generally accurate, objective, clear, concise, constructive, complete and timely?	✓✓			RIAS Manual 5.6 & Appendix K – Audit Reporting	2
	2420 Conclusion	✓✓				
	2421 Errors and Omissions					
268	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	✓✓			N/A but yes that would be the case	
	2421 Conclusion	✓✓				
	2430 Use of ‘Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing’					
269	Do internal auditors report that engagements are ‘conducted in conformance with the PSIAS’ only if the results of the QAIP support such a statement?	✓✓			Report template states this and assurance is gained that the report is reviewed prior to issue to ensure there is compliance.	20
	2430 Conclusion	✓✓				
	2431 Engagement Disclosure of Non conformance					
270-272	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?	✓✓ ✓✓ ✓✓			Charter – 4.4 – reported to the relevant Governance & Audit Committee and the Regional Board with any significant deviations being detailed within the relevant Annual Governance Statement	1
	2431 Conclusion	✓✓				
	2440 Disseminating Results					
273	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓✓			RIAS Manual and Appendix K – Audit Reporting Draft internal audit reports are issued to the relevant Group Manager / Operational Manager and the service manager. Final Reports may also be issued to Heads of Service / Director depending on the content and audit opinion. In 2 Councils they are also routinely sent to the Chief Executive and S151 Officer. In 1 Council they are also routinely sent to the relevant Cabinet Member.	2
274	Has the CAE communicated engagement results to all appropriate parties?	✓✓			RIAS Manual and Appendix K – Audit Reporting Audit reports are issued to all appropriate parties.	
275-277	Before releasing engagement results to parties outside the organisation, did the CAE:				Audit reports are not released to parties outside the organisation without the knowledge of the Head of Audit and further advice is sought if necessary, prior to the release. All audit reports state the following:	

	a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?	✓✓ ✓✓ ✓✓			"Any enquires regarding the disclosure or re-issue of this document to third parties should be sent to the Head of the Regional Internal Audit Service via cmthomas@valeofglamorgan.gov.uk"	20
278	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓✓			RIAS Manual and Appendix J – Managing Audit Assignments – Communicating Results (page 8) – consulting engagements dealt with in the same way as audit assignments	20
	2440 Conclusion	✓✓				
	2450 Overall Opinion					
279	Has the CAE delivered an annual internal audit opinion?	✓✓			Annual Reports 2021-22 * 4 – Section 11	3.1, 3.2, 3.3, 3.4
280	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	✓✓			Annual Reports 2021-22 * 4 – Section 11	3.1, 3.2, 3.3, 3.4
281	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	✓✓			Annual Reports 2021-22 * 4 – Section 11. There has been one example where the Council Leadership disagreed with the unsatisfactory annual opinion of the Head of RIAS and this was discussed at the highest level within the organisation on a number of occasions and at the Governance & Audit Committee. The Head of IA took into consideration the various comments and amended some of the wording but stood by the original opinion given.	3.1, 3.2, 3.3, 3.4
282	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information (having regard to the answers to questions on PSIAS 2300)?	✓✓			Annual Reports 2021-22 * 4 – Section 11	3.1, 3.2, 3.3, 3.4
283-286	Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓✓ ✓✓ ✓✓ ✓✓			Annual Reports 2021-22 * 4 – Section 11	3.1, 3.2, 3.3, 3.4
287	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	✓✓			Yes. There has been one example for 2019/20 where the Council Leadership disagreed with the unsatisfactory annual opinion of the Head of RIAS and this was discussed at the highest level within the organisation on a number of occasions and at the Governance & Audit Committee. The Head of IA took into consideration the various comments and amended some of the wording but stood by the original opinion given.	
288	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓✓			Yes	
289 - 299	Does the annual report incorporate the following: a) The annual internal audit opinion? b) A summary of the work that supports the opinion?	✓✓ ✓✓			As per annual report for 4 LA's.	

	c) A disclosure of any qualifications to the opinion?	✓✓				
	d) The reasons for any qualifications to the opinion?	✓✓				
	e) A disclosure of any impairments or restriction in scope?	✓✓				
	f) A comparison or work actually carried out with the work planned?	✓✓				
	g) A statement on conformance with the PSIAS?	✓✓				
	h) The results of the QAIP?	✓✓				
	i) Progress against any improvement plans resulting from the QAIP?	✓✓				
	j) A summary of the performance of the internal audit activity against its performance measures and targets?	✓✓				
	Any other issues that the CAE judges is relevant to the preparation of the governance statement?					

	2450 Conclusion	✓✓				
	2500 Monitoring Progress					
300	Has the CAE established a process to monitor and follow up management actions to ensure that agreed actions have been effectively implemented or that senior management have accepted the risk of not taking action?	✓✓			<p>RIAS Manual – 5.8 - Recommendations and intended management actions are recorded with Pentana MK with the agreed timescales for implementation. These are monitored to ensure successful completion. Detailed process is included in Appendix K.</p> <p><u>Process</u> Limited / No Assurance Opinion</p> <ul style="list-style-type: none"> Subject to a follow up to reperform testing <p>All remaining audit assignments which have recommendations shall be</p> <ul style="list-style-type: none"> followed up via email ideally within six months of the audit review, but also dependent on the agreed implementation date supplied by senior management <p>Quarterly report on Recommendation Monitoring is taken to the relevant Governance and Audit Committee. This will highlight those overdue and those not accepted by management</p>	<p>2</p> <p>30.1, 30.2, 30.3</p>
301	Where issues have arisen during the follow-up process (for example, where agreed actions have not been implemented), has the CAE considered revising the internal audit opinion?	✓✓			If a previous limited assurance audit is followed up a new audit report will be issued with an appropriate audit opinion based on the recent testing.	
302	Do the results of monitoring management actions inform the risk- based planning of future audit work?	✓✓			All recommendations are followed up by the relevant auditor to ensure implementation and if recommendations are not implemented the matter will be escalated and reported to Governance and Audit Committee as well as being considered for another audit.	
303	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓✓			Reports issued as a result of consulting engagements i.e. additional unplanned work, are reported to Governance & Audit Committee and will be followed up in the same manner if any recommendations are made.	
	2500 Conclusion	✓✓				
	2600 Communicating the Acceptance of Risks					
304	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓✓			<p>If the Manager does not accept a recommendation the Auditor or Audit Manager will ensure that the risk is highlighted to ensure that the Manager is willing to accept this risk. This does not happen very often.</p> <p>This is recorded onto Pentana MK and included in the quarterly Recommendation Monitoring report to Governance and Audit Committee.</p>	3.1, 3.2, 3.3, 3.4

					The Percentage of recommendations accepted versus made are reports in the relevant annual report – Section 8	
305	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	✓✓			If the Head of Audit concludes that management has accepted a level of risk that may be <u>unacceptable</u> to the Authority, the issue will be brought to the attention of the Senior Leadership Team. If the matter remains unresolved this will be communicated to the relevant Governance & Audit Committee.	
	2600 Conclusion	✓✓				