

## SELF ASSESSMENT TO THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

### ATTRIBUTE STANDARDS

Standard	Requirement	Current arrangements	Compliance	Action required
<b>1000 – Purpose, Authority and Responsibility.</b>	The Standards require the purpose, authority and responsibility of the Internal Audit activity to be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. The Head of Internal Audit must periodically review the Internal Audit Charter and present it to the Audit Committee for approval	The existing Internal Audit Shared Service Charter sets out the purpose, authority and responsibility of the Council’s Internal Audit Shared Service. It was presented to the Audit Committee for endorsement and adoption in March 2013. It has currently been reviewed by the Head of Audit and the 2014/15 Charter is being presented to the Audit Committee on 10 <sup>th</sup> April 2014.	Yes	No
<b>1100 – Independence and Objectivity.</b>	The Standards require Internal Audit activity to be independent and Internal Auditors to be objective in performing their work.	The current functional arrangements for Internal Audit Shared Service enable the Head of Audit to report to the Council’s Corporate Management Board, Chief Executive and the Audit Committee.  There are arrangements currently in place to ensure the integrity of Internal Auditors and their work built into existing audit	Yes	No

		planning and the Quality Assurance and Improvement Programme. The team's workload is managed to ensure that individual auditors do not assess operations for which they have previously held any responsibility, been instrumental in process development, or in which they have any interest.		
<b>1200 – Proficiency and Due Professional Care.</b>	The Standards require that engagements must be performed with proficiency and due professional care.	<p>The Head of Audit is suitably qualified and experienced and has arrangements in place to ensure the team has the appropriate competencies, skills, experience and personal attributes. However, in order to strengthen the existing arrangements, the Head of Audit will revisit the current arrangements and align them to "CIPFA's publication – The Excellent Auditor".</p> <p>The team has existing arrangements in place to ensure all audit work is carried out with due professional care including regular one to one and appraisal meetings.</p>	Partial	Yes

<p><b>1300 – Quality Assurance &amp; Improvement Programme.</b></p>	<p>The Standards require the Head of Audit to develop and maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit activity.</p>	<p>The Quality Assurance and Improvement Programme (QAIP) was submitted to the Audit Committee for endorsement and implementation at its meeting held on 7<sup>th</sup> November 2013.</p> <p>In addition to the newly implemented QAIP, the team has robust quality control arrangements in place currently that ensure a Principal Auditor / Group Auditor reviews all audit work before it is issued to clients. The Head of Audit undertakes regular quality checks and reviews all reports where assurance is limited.</p> <p>Client satisfaction with the service is monitored through surveys issued following each audit review and the results are reported to the Audit Committee regularly.</p> <p>Work is needed to further develop performance management within the team which will complement the QAIP</p>	<p>Partial</p>	<p>Yes</p>
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		This Section of the Standards also details specific requirements for an external assessment against the Standards to be carried out at least once every five years; consideration is currently being given to how this assessment can be delivered and this will be reported to the Audit Committee for decision at the appropriate time.		
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### Performance Standards

Standard	Requirement	Current arrangements	Compliance	Action required
<b>2000 – Managing the Audit Activity.</b>	The Standards require the Head of Audit to effectively manage the Internal Audit activity to ensure it adds value to the organisation.	Arrangements are currently in place for the Internal Audit Shared Service activity to be managed in line with the requirements of this Standard. The function is considered to be achieving its purposes and responsibility as set out in the Internal Audit Shared Service Charter and arrangements are in place for preparing a risk based audit plan that is subject to approval by the Audit Committee. There are policies	Partial	Yes

		<p>and procedures in place to manage the audit resource available to deliver the plan and to ensure co-ordination of the work of the Internal Audit Shared Service with that of other assurance providers. There are existing arrangements in place for the Internal Audit shared Service to report to CMB and the Audit Committee.</p> <p>To ensure full compliance the Internal Audit Manual will be updated to reflect the Standards and Internal Auditors are required to sign up to the Standards and Code of Ethics on an annual basis; the team have always signed up to the CIPFA Code of Practice as was required under that regime.</p>		
<b>2100 – Nature of Work.</b>	The Standards require the Internal Audit activity to evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.	Existing arrangements are in line with the Standards; the Internal Audit Shared Service make recommendations to improve the Council’s control environment and action taken by management to implement recommendations is monitored and reported to the Audit Committee and on occasion	Yes	No

		CMB. The Internal Audit Shared Service fulfils a key role in promoting risk management, governance and internal control arrangements within the Council through both its planned and responsive workloads and through participation in the Annual Governance Review process. On an annual basis the team will review compliance with the Council's Code of Corporate Governance, the results of which assist with the preparation of the Council's Annual Governance Statement.		
<b>2200 – Engagement Planning.</b>	The Standards require Internal Auditors to develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocation.	The Internal Audit Shared Service engagement planning arrangements are in line with the Standards for all work carried out by the team, including the preparation and agreement of the Internal Audit Shared Service Briefs with clients in advance of the audit reviews. These set out the objectives scope and resource allocated to the specific review. The brief sets out the nature of work to be undertaken including the testing to be undertaken.	Yes	No

<b>2300 – Performing the Engagement.</b>	The Standards require Internal Auditors to identify, analyse, evaluate and document sufficient information to achieve the engagement’s objectives.	Existing arrangements are in place to perform Internal Audit reviews and these are in line with the Standards. Individual auditors identify, analyse, evaluate and document sufficient information to support their conclusions and recommendations made.	Yes	No
<b>2400 – Communicating Results.</b>	The Standards require Internal Auditors to communicate the results of engagements.	<p>The existing arrangements in place are considered to be of high quality; which is supported by our Clients feedback and meet the requirements of the Standards.</p> <p>The client is provided with details of the work undertaken and the findings and conclusions we have drawn from the work undertaken. Reports are finalised with agreement of the client to the recommendations made. The final reports record the recommendation (prioritised according to risk) the responsible officer and the timescales for implementation.</p> <p>Arrangements are also in place for the Head of Audit to deliver</p>	Yes	No

		<p>an annual opinion on the Council's internal control environment in line with the Standards.</p> <p>This section of the Standards also details in what circumstances the Internal Audit Shared Service may declare that their work has been conducted in conformance with the Standards and the requirements to disclose any non-compliance. This will be incorporated within the regular monitoring reports submitted to the Audit Committee once the actions identified in this report to obtain full compliance with the PSIAS have been actioned.</p>		
<b>2500 – Monitoring Progress.</b>	The Standards require the Head of Audit to establish and maintain a system to monitor the disposition of results communicated to management.	Arrangements are already in place to monitor and follow up on recommendations made to management to enhance the control environment. The results of this process are regularly reported to the Audit Committee and on occasion to the Council's CMB	Yes	No
<b>2600 – Communicating the Acceptance of Risk.</b>	The Standards require that, when the Head of Audit concludes that management has accepted a level of risk	Client management within Bridgend County Borough Council and the Vale of	Yes	No



	<p>that may be unacceptable to the organisation, the Head of Audit must discuss the matter with senior management. If the Head of Audit determines that the matter has not been resolved, the Head of Audit must communicate the matter to the board.</p>	<p>Glamorgan Council respond positively to the work of the Internal Audit Shared Service and this situation has not arisen to date. However, there are processes and procedures in place for such a situation should it arise. The matter would be reported to the Corporate Management Board / Team and the Audit Committee.</p>		
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