

Internal Audit – Public Sector Internal Audit Standards Quality Assurance & Improvement Programme



Quality Assurance Issues for Conformance with the Standards

APPENDIX 2

Area of Consideration	Comment / Evidence	Action / Responsibility / Timescale
Is there a quality assurance process in place to manage and maintain on-going development of internal audit?	A formal assessment process exists and includes views of the auditee on completion of the work. This feeds in to the on-going review and development on the service including any issues that could highlight potential training needs for team members. This is managed by the Head of Audit & Investigations.	The process is subject to review in its own right to ensure that it continues to meet the needs of the service and standards. Head of Audit & Investigations On-going – regularly monitored and updated
Has a self-assessment of the standards been carried out by a qualified competent person?	The Head of Audit & Investigations carried out the self-assessment and is appropriately experienced and is qualified to do so.	The self-assessment is subject to annual review to ensure any changes in circumstances are identified and reflected in the QAIP. Head of Audit & Investigations Next review to be completed by March 2023
Has an external assessment of the standards been carried out by a qualified competent person(s)?	Yes, during February 2018. This will next be reviewed by February 2023 to comply with the 5 year mandatory timescale. Provisional date for External Inspection is November 2022	The standards must be externally assessed at least once every 5 years. See improvement programme below for details.

Elements of Standards that are Partially Compliant or Not Yet Compliant – Improvement Programme

PSIAs Ref	Conformance with the Standard	Y	P	N	Comment / Evidence	Action / Responsibility / Timescale	Status Update
3.2 1100	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	Y			This hadn't been the case but was a recommendation within the External Assessment report. Following discussions with	The Chair and Audit Committee is invited to make comment on an annual basis at the time of the PDR. It must also be remembered	Closed This will be monitored by the Head of Audit & Investigations.

					the Deputy Chief Executive comment is sought from the Chair of Audit Committee as part of the PDR process.	that the Chair and the Audit Committee has the ability to comment about performance as and when they see fit – however, this sits outside the PDR programme.	This was also highlighted in the February 2018 External Peer Review as Recommendation 1. Adoption of this change to process addresses this recommendation.
3.2 1130	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties?			N	This has NOT occurred and should never be yes in order to be in conformance. However, it is included here as it shows as no which infers we do not comply on this point. If it was to occur it would be disclosed to the appropriate parties.	No action necessary – see comment.	Closed This will continue to be monitored but should remain as no, which shows conformance.
3.2 1130	Have internal auditors assessed specific operations for which they have been responsible within the previous year?			N	This should never be yes in order to be in conformance. However, it is included here as it shows as no which infers we do not comply on this point.	No action necessary – see comment.	Closed This will continue to be monitored but should remain as no, which shows conformance.
3.2 1130	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?			N	This should never be yes in order to be in conformance. However, it is included here as it shows as no which infers we do not comply on this point.	No action necessary – see comment.	Closed This will continue to be monitored but should remain as no, which shows conformance.
3.3 1210	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?	Y			The External Review Team identified that although internal audit's job descriptions did reflect most of the current roles and responsibilities and person specifications, it has not been updated to reflect the mandatory role of the PSIAS in delivery of audits.	The Audit Team JD's & Person Specifications have been updated and subject to re-evaluation under job-evaluation.	Closed This is recommendation 2 of the External Review of Internal Audit. The review, updating and re-evaluation of the team job descriptions address

					Following the external review all of the team job descriptions have been fully reviewed and updated.		this recommendation.
3.4 1300	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIA's to be evaluated	Y			The Head of Audit & Investigations has developed both QAIP and monitoring ethos for it.	<p>The initial QAIP and background surrounding it are discussed annually at Audit Committee</p> <p>The Head of Audit & Investigations monitors the QAIP together with the PSIA's as a whole.</p> <p>Updates of this on-going review will be brought to Audit Committee at least once each financial year.</p>	Open The status remains open because it is subject to annual review.
3.4 1300	Does the QAIP include both internal and external assessments?	Y			Following completion of the External Peer Review process and inspection of Internal Audit's conformity with the Standards this can now be moved from 'P' to 'Y'.	<p>An External Assessment was completed in February 2018.</p> <p>Head of Audit & Investigations</p> <p>The next External Assessment of Internal Audit against the Standards must take place in the 5 year period 1st April 2018 to 31st March 2023. Provisional Date of November 2022 has been set.</p>	Closed This will remain on the QAIP as failure to complete the next External Assessment after 31/03/23 would then mean non-compliance.
3.4 1311	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	Y			Internal self-assessments have taken place. The Head of Audit & Investigations is qualified to carry out such a self-assessment. Now that an External Assessment has taken place in February	<p>Internal self-assessment subject to on-going review. External assessment took place February 2018.</p> <p>Head of Audit & Investigations</p>	Closed This has now been achieved as at February 2018.

					2018 this can now be moved from 'P' to 'Y'.	The next External Assessment of Internal Audit against the Standards must take place in the 5 year period 1 st April 2018 to 31 st March 2023. Provisional Date of November 2022 has been set.	
3.4 1312	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board	Y			Additional information was provided to Management and Audit Committee prior to the External Assessment in February 2018. Therefore this is no longer 'P' and is now 'Y'. This will be repeated for the next assessment.	<p>Updates were presented to Management and the Board (i.e. Audit Committee).</p> <p>Head of Audit & Investigations in conjunction with Deputy Chief Executive</p> <p>The next External Assessment of Internal Audit against the Standards must take place in the 5 year period 1st April 2018 to 31st March 2023. Provisional Date of November 2022 has been set.</p>	Closed Reports and discussions held with both Management Team and Audit Committee prior to the actual review.
3.4 1312	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?	Y			This was discussed with Corporate Management Team and the Deputy Chief Executive was the Sponsor and both Corporate Management Team and Audit Committee were briefed on the process, format and scope of the review. This can now move from 'N' to 'Y'.	<p>The Deputy Chief Executive was sponsor for the External Review.</p> <p>Head of Audit & Investigations in conjunction with Deputy Chief Executive.</p> <p>Review completed February 2018</p> <p>The next External Assessment of Internal Audit against the Standards must take place in the 5 year period 1st April 2018 to 31st</p>	Closed This is now compliant.

						March 2023. Provisional Date of November 2022 has been set.	
3.4 1312	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	Y			The format of the assessment has been agreed by all the participating Authorities involved in the Peer Review assessment process. This was then also agreed with the External Assessment Team prior to the review. This can now move from 'P' to 'Y'.	<p>The format of the assessment was agreed and delivered by the External Review in February 2018.</p> <p>Head of Audit & Investigations in conjunction with External Review Team.</p> <p>The process has been reviewed and agreed with the Lancashire Heads of Audit participating in the latest external reviews taking place prior to 31/03/23.</p>	<p>Closed This is now compliant</p>
3.4 1320	Has the CAE reported the results of the QAIP to Senior Management and the Board?	Y			The PSIAS require certain documents produced by internal audit to be presented to 'senior management' and the 'board' which in Hyndburn's case would be the Corporate Management Team and Audit Committee. Whilst the key documents referred to in the Standards exist, and most are presented to both Corporate Management Team and Audit Committee, the Quality Assurance and Improvement Programme (QAIP) has not formally been to Corporate Management Team. This should be addressed to ensure continued conformity with the Standards going	<p>This would appear to have been an oversight and will in future also be presented to Management Team.</p> <p>Head of Audit & Investigations in conjunction with Corporate Management Team.</p>	<p>Closed This is recommendation 3 of the External Review of Internal Audit. Ensuring that the QAIP is also reported to Corporate Management Team addresses this recommendation.</p> <p>Process in place to ensure the QAIP is reported to Senior Management.</p>

					forward.		
4.1 2050	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those resources?		P		The audit planning process at Hyndburn includes steps to consider other sources of assurance. Preparation of the plan should include mapping of assurances to determine the approach to using other sources of assurance, if they are determined as suitable. The lack of a formal approach to mapping these assurances can lead to not all sources being identified or formally considered.	<p>This will be looked at with a view to adopting a documented process going forward.</p> <p>Head of Audit & Investigations in conjunction with the Senior Auditor</p> <p>Ongoing</p>	<p>Open This is recommendation 5 of the External Review of Internal Audit. The Head of Audit & Investigations in conjunction with the Senior Auditor are developing a process for this.</p>
4.3 2210	Have internal auditors carried out a preliminary risk assessment of the activity under review?		P		Consideration is given to known risks published within the risk registers and risks affecting the area are discussed with the auditee. However this is currently not in a formal risk assessment document.	<p>This is partially compliant as risk is always considered as part of the audit engagement, however, the recording process will be reviewed and updated to better reflect this.</p> <p>Head of Audit & Investigations in conjunction with the Senior Auditor</p> <p>Complete by 31 March 2023</p>	<p>Open This will be addressed by the review of process and documentation being carried out by the Head of Audit & Investigations and the Senior Auditor</p>
4.3 2210	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?		P		The engagement objectives do take into consideration the risk issues but this process is not shown in a formal risk assessment document.	<p>This is partially compliant as risk is always considered as part of the audit engagement, however, the recording process will be reviewed and updated to better reflect this.</p> <p>Head of Audit & Investigations in conjunction with the Senior Auditor</p>	<p>Open This will be addressed by the review of process and documentation being carried out by the Head of Audit & Investigations and the Senior Auditor</p>

						This is under review and will be updated in 2022/23	
4.3 2210	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?		P		Consideration is given to the varying types of resources where applicable in an audit engagement but this may not be a formal value for money review.	<p>This would be included if a value for money review.</p> <p>Head of Audit & Investigations in conjunction with the Senior Auditor.</p> <p>On-going</p>	<p>Open</p> <p>This will remain outstanding and will be monitored by the Head of Audit & Investigations.</p>
4.3 2240	Were work programmes approved prior to implementation for each engagement?	Y			One element of the PSIAS requires that work programmes for engagements are approved prior to use. The Head of Audit & Investigations has a process for this and this was identified as in place during testing. Further testing identified that this was not applied consistently. This should be applied to all engagements.	<p>Work has been carried out on streamlining Internal Audit processes and the need for this to be achieved has been previously highlighted – however, the Team will relook at this, amend processes accordingly.</p> <p>Head of Audit & Investigations in conjunction with the Audit Team.</p> <p>On-going</p>	<p>Open</p> <p>This is recommendation 4 of the External Review of Internal Audit.</p> <p>The Head of Audit & Investigations believes this recommendation to have been addressed but will continue to monitor to ensure this remains the case.</p>