

## 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 2017
Has an external assessment of the standards been carried out by a qualified competent person(s)?	No, but this is currently being considered in terms of approach and how this will be achieved. See improvement programme below for details.	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?			N	This is not part of the current Hyndburn PDR programme	The Chair and Audit Committee have the ability to comment about performance as and when they see fit – however, this sits outside the PDR programme.	<b>Open</b> This will remain outstanding and will be monitored by the Head of Audit & Investigations. However, this presents low

							residual risk as the Committee can still comment outside the PDR process
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.	<b>Closed</b> 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.	<b>Closed</b> This will continue to be monitored but should remain as no, which shows conformance.
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 PSiAs to be evaluated	Y			The Head of Audit & Investigations has developed both QAIP and monitoring ethos for it. Following Audit Committee in March 2014 the status was updated from Partial to Yes.	The initial QAIP and background surrounding it discussed at March 2014 Audit Committee  The Head of Audit & Investigations monitors the QAIP together with the PSiAs as a whole.  Updates of this on-going review will be brought to Audit Committee at least once each financial year.	<b>Open</b> The status remains open because it is subject to annual review.
3.4 1300	Does the QAIP include both internal and external assessments?		P		An external assessment has not yet taken place. The Head of Audit & Investigations has conducted an internal self-assessment but this area is not complete until after the first external assessment is complete.  The status has been moved to Partial as the self-	An external assessment of conformance to PSiAs must have taken place by March 2018.  Head of Audit & Investigations  During 2015/16 agreement has been reached by 9 of the Lancashire Heads of Audit to	<b>Open</b> The process is being finalised with discussions taking place. The process should be finalised in Summer 2016.

					assessment process is in place and subject to ongoing review.	participate in a Peer Review External Assessment process which in itself will conform to the Standards. Further information will be presented to both Board and Audit Committee during 2016/17	
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		P		Only internal self-assessments have taken place so far. However, the Head of Audit & Investigations is qualified to carry out such a self-assessment. Full compliance with this element of the PSiAs will only be possible after an external assessment has taken place.	Internal self-assessment subject to on-going review. External assessment process being developed with other Lancashire Districts.  Head of Audit & Investigations	<b>Open</b> Will remain as partially compliant until the external assessment is carried out.
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		P		Whilst it has been decided that a Peer Review format of External Assessment will take place this cannot be done until further details and clarification has been agreed surrounding the process itself.	Once a decision has been made and discussed with the Deputy Chief Executive, Resources, this will then be presented to the Board (i.e. Corporate Management Team) and then Audit Committee.  Head of Audit & Investigations in conjunction with Deputy Chief Executive.  Will completed within agreed deadline for completion on an external assessment – by March 2018	<b>Open</b> Will not be compliant until details of the Peer Review external assessment has been determined, agreed and presented to the Board and Audit Committee.
3.4 1312	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the Chair of the Audit			N	This cannot be done until the full details and format of the Peer Review process have	Once this is known and has been discussed with the Deputy Chief Executive, this	<b>Open</b> Will not be compliant until agreed and

	Committee, the CFO or the Chief Executive?				been agreed between the 10 Lancashire Authorities.	will then be presented to the Board (i.e. Corporate Management Team) and then Audit Committee and a sponsor agreed.  Head of Audit & Investigations in conjunction with Deputy Chief Executive, Resources.  Will be completed within agreed deadline for completion on an external assessment – by March 2018	presented to the Board and the sponsor is agreed.
3.4 1312	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?			N	This cannot be done until the full details and format of the Peer Review process have been agreed between the 10 Lancashire Authorities.	Once the detail of the external assessment has been agreed and sponsor identified this will then take place.  Head of Audit & Investigations in conjunction with Deputy Chief Executive, Resources.  Will completed within agreed deadline for completion on an external assessment – by March 2018.	<b>Open</b> Will not be compliant until the detail of the external assessment has been agreed and presented to the Board and the sponsor is agreed.
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.	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.  Head of Audit & Investigations in conjunction with the Senior Auditor	<b>Open</b> This will be addressed by the review of process and documentation being carried out by the Head of Audit & Investigations and the Senior Auditor

						Complete by 31 March 2017	
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 &amp; Investigations in conjunction with the Senior Auditor</p> <p>This is under review and will be updated in 2016/17</p>	<p><b>Open</b></p> <p>This will be addressed by the review of process and documentation being carried out by the Head of Audit &amp; Investigations and the Senior Auditor</p>
4.3 2210	If the value for money criteria have 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 &amp; Investigations in conjunction with the Senior Auditor.</p> <p>On-going</p>	<p><b>Open</b></p> <p>This will remain outstanding and will be monitored by the Head of Audit &amp; Investigations.</p>