

Audit Title: CIPFA self-assessment

REF	SELF-ASSESSMENT QUESTION	FINDINGS	RECOMMENDATIONS	RISK RATING	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE	UPDATE ON MANAGEMENT RESPONSE	REVISED ACTION DATE	ACTION CLOSED?
1	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	The Charter is approved by the Audit Committee in the presence of the Section 151 Officer. At present, it is not approved by other Senior Management.	Consideration should be given to presenting the Audit Charter to Senior Management Team, with further consideration given to being countersigned by the Chief Executive.	Green						
2	Does the Board approve decisions relating to the appointment and removal of the CAE?	This is not in place. In accordance with the Constitution of the Council, the Cabinet is responsible for decision making in terms of pay, terms and conditions and redundancy arrangements in relation to employees of the Council. The Employment Conditions Committee is responsible for posts at Chief Officer level and above.	No recommendation to be made as this would be against the Council's current Constitution and agreed pay policy.	Green						
3	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	The audit plan does not set this out specifically, but consideration is taken of issues raised by Scrutiny Committees and any national risks that may impact upon the Council. These are reported regularly to Audit Committee for consideration either for inclusion within the current year plan or a future year's plan.	Although comment is already made in the progress reports to Audit Committee, Management should consider including information on consideration of local and national issues in the committee reports on the development of the audit plan for the following year.	Green						
4	Has the internal audit activity evaluated the effectiveness of the organisation's ethics-related objectives, programmes and activities?	A governance review was undertaken in 2017/18 and focussed on the framework relating to staff. This will be expanded further in 2018/19 to the effectiveness of other aspects of the Council's ethics-related objectives and activities.	Audits of ethics-related objectives, programmes and activities should be undertaken annually as part of the review of the Council's corporate governance framework.	Amber / Green						
5	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that: a) Organisational objectives support and align with the organisation's mission? b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation's risk appetite?	An Internal Audit of Risk Management Arrangements was undertaken in 2017/18 and further work will be undertaken in 2018/19. Various aspects of risk management processes were reviewed in 2017/18 as part of individual audits and risk / governance information is used to scope and plan audits.	Whilst it is appreciated that risk and governance are key parts of the planning and scoping of all audits, separate audits of the Council's risk management arrangements should be undertaken annually as part of the review of the Council's corporate governance framework.	Amber / Green						

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	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?									
6	Does the engagement plan include the engagement's objectives, scope, timing and resource allocations?	This is in place for all assurance engagements, but improvements are needed for consulting engagements.	Consideration should be given to developing a proforma for significant consultation engagements (i.e. those exceeding 10 planned days). The proforma should set out the objectives, scope and respective responsibilities for the engagement (and include resource allocations).	Green						

Assurance Level	Definition
Effective	<ul style="list-style-type: none"> • The controls evaluated are adequate and appropriate • The control environment appears sound to provide reasonable assurance that all high level risks are adequately controlled • No findings noted (or a small number of low risk recommendations)
Effective with opportunity for improvement	<ul style="list-style-type: none"> • A few specific control weaknesses and/or opportunities for improvement were noted • Controls evaluated are otherwise adequate and appropriate to provide reasonable assurance that risks are adequately controlled
Insufficient with major improvement needed	<ul style="list-style-type: none"> • Some high level risks are not adequately controlled • Numerous specific control weaknesses were noted • Although immediate soundness and safety are not threatened, the control environment requires improvement as it does not provide reasonable assurance that all high level risks are adequately controlled • There may be a risk of exposure to fraud or security vulnerabilities
Unsatisfactory	<ul style="list-style-type: none"> • The control environment is not adequate and is below standard • The control environment is considered unsound • A lack of attention could lead to significant losses

Rating	Criteria
High / Red	<p>This is a high priority issue and immediate attention is required. This is a serious internal control or risk management issue that, if not mitigated, may (with a high degree of certainty) lead to:</p> <ul style="list-style-type: none"> • Substantial losses, possibly in conjunction with other weaknesses in the control framework or the organisational entity or process being audited • Serious violation of Council strategies, policies or values • Serious reputational damage • Significant adverse or regulatory impact, such as loss of operating licenses or material fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy / procedure does not exist for significant Council processes • Preventative, detective and mitigating controls do not exist • Council reputation or financial status is at risk • Fraud or theft is detected • Council is not in compliance with laws and regulations
Medium / Red Amber	<p>This is a medium priority issue and timely management action is warranted. This is an internal control or risk management issue that could lead to:</p> <ul style="list-style-type: none"> • Financial losses • Loss of controls within the organisational entity or process being audited • Reputation damage • Adverse regulatory impact, such as public sanctions or immaterial fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists but adherence is inconsistent • Preventative and detective controls do not exist, but mitigating controls do exist • The Council's compliance with laws and regulations requires additional evaluation and review • There is a possibility of inappropriate activity
Medium / Amber Green	<p>This is a low priority issue and routine management attention is warranted. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and / or efficiency of the organisational entity or process being audited.</p> <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists, but was not adhered to on an exception basis • Preventative controls do not exist, but detective and mitigating controls exist • There is a remote possibility of inappropriate activity
Low / Green	Best Practice

REPORT CONTEXT

This report has been prepared for the internal use of the Council and is prepared in relation to internal audit, under the requirements as set out in the Council's Financial Procedure Rules which are based on best practice principles as set out in the Public Sector Internal Audit Standards (PSIAS).

Reports are prepared by the staff of the Internal Audit Section based within Resources, where they serve to inform the Section 151 Officer and senior managers across the Council on governance arrangements, primarily around managing risks, the soundness of the control environment and the efficient and effective use of resources.