AUDIT TITLE: Public Sector Internal Audit Standards (PSIAS) Self Assessment

REF	PSIAS REQUIREMENTS	FINDINGS	RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE
Standard - *Purpose, Authority & Responsibility (1000)*						
1	i) The Audit Manager periodically reviews the Internal Audit Charter and presents it to senior management and the Audit Committee for approval. ii) The Audit Committee approves the Risk-Based Audit Plan.	The Audit Strategy includes the Internal Audit Charter and audit plan. Additionally, although the covering Audit Committee Report for March 2015 requested that the Audit Strategy (inclusive of the Audit plan) was approved by Audit Committee, it was minuted as being 'noted' rather than approved by Audit Committee. It is important that Audit Committee minutes accurately reflect the resolved Audit Committee actions.	i) The Audit Committee should 'approve' the Audit Strategy each year (inclusive of the full Audit Plan and Audit Charter), and this should be correctly included in the Audit Committee minutes. ii) The Audit Charter presented to Senior Management, with consideration given to being Countersigned by the CEO.	i) The Audit Charter has been refined and was approved together with the Audit Plan in the Audit Committee meeting on 22 March 16. ii) Consideration will be given to the Audit Charter being countersigned by Senior Management in March 2017 in accordance with best practice.	Audit Manager Audit Manager	March 2016 March 2017
Standard - *Independence and Objectivity - Organisational Independence (1110)*						
2	Feedback is sought from the Chair of the Audit Committee for the Audit Manager's performance appraisal.	Greater engagement with the Chair is being considered in reviewing the performance of the Audit Manager.	Annual feedback should be sought from the Audit Committee Chair on the performance appraisal of the Audit Manager.	*For Audit Committee Consideration.*		
Standard - *Independence and Objectivity - Impairment to Independence or Objectivity (1130)*						

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3	Assurance engagements for functions over which the Audit Manager has responsibility must be overseen by a party outside the internal audit activity.	As acting Audit Manager, the Head of Finance has responsibilities for the Finance function. An arrangement is required for audits relating to the finance section to avoid them being overseen by the Head of Finance as Audit Manager.	A separate process should be established, so that audits relating to the finance function are not overseen by the Head of Finance as Audit Manager.	An agreement has been made with an Operational Manager outside of the Finance Section to oversee any audits relating to the finance function. A protocol is being developed to clearly document this process.	Audit Manager	Ongoing.
Standard - *Proficiency and Due Professional Care – Due Professional Care (1220)*						
4	Internal Auditors exercise due professional care by considering the probability of significant errors, fraud, or non-compliance.	The standards require analytical procedures in the planning stage of each engagement, but some Auditors require training to consistently meet this requirement without assistance. Some Auditors have skill gaps in respect of Excel and CAATs, meaning that, without assistance, they cannot always review the whole population data sufficiently in order to identify the probability of significant errors, fraud or non-compliance.	Audit Management should build on the competency assessment which has been initiated. Auditors in need of analytical audit planning skills should be provided with further training, and in the meantime provided with direct assistance in analysing the population data for the probability of significant errors, fraud, or non-compliance.	The competency framework is being developed through a process of auditor evaluation and training. Key skills were identified from the original assessment in the summer of 2015. This has fed into a training programme based on key identified traing needs and some individual training courses being allocated to staff where skills gaps were identified. The skills of each auditor will be re-assessed in 2016 as part of a rolling evaluation and training programme. Prior to allocating audits, the skills of each auditor are matched to the requirements of the audit. In instances where additional coaching is required at the	Audit Manager / Group Auditor	Ongoing

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				audit planning stage this will continue to be provided at the outset of the audit. Any additional training needs are documented in the Post Audit Assessment (PAA) and will feed into the competency framework.		
Standard - *Quality Assurance and Improvement Programme - Reporting on the Quality Assurance and Improvement Programme (1320)*						
5	The Audit Manager reports the results of the Quality Assurance and Improvement Programme (QAIP) to senior management and the Audit Committee.	The QAIP is included in the Audit Strategy with results reported in the Annual Internal Audit Report which is issued to Audit Committee The QAIP is not reported to senior management.	It should be ensured that the results of the QAIP are reported to senior management in addition to the Audit Committee.	*To be Considered by the Audit Manager.*		
Standard - *Governance (2110)*						
6	The Internal Audit activity must evaluate the effectiveness of the organisation's ethics related objectives, programmes and activities.	A governance review is planned for 2016/17 to focus on ethics and culture.	An audit of the effectiveness of the organisation's ethics related objectives, programmes and activities should be undertaken in 2016/17.	Ethics and values audit programmed for 2016/17.	Audit Manager / Group Auditor	2016/17
7	The Internal Audit activity must assess whether the organisation's information technology governance supports the organisation's strategies and objectives.	Some aspects are assessed in terms of creditors / payroll / main accounting. However, there have been some gaps in the IT specific audit work while suitable skills were being commissioned. Audit coverage is planned for 2016/17.	An audit to review whether the organisation's information technology governance supports the organisation's strategies and objectives should be undertaken in 2016/17.	ICT Audit review planned for 2016/17.	Group Auditor (Investigations)	2016/17
8	Internal Audit must assess the effectiveness of organisational performance management and accountability.	An audit of Performance and Accountability has been planned for 2016/17.	An audit of Performance and Accountability should be undertaken in 2016/17.	Performance and Accountability Audit Planned for 2016/17.	Audit Manager / Group Auditor	2016/17

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		A review of KPIs, PPDR, corporate planning etc. has not been undertaken by Internal Audit in some time, but performance measures are considered and reviewed for appropriateness in audit engagements. It should also be noted that a recent audit was completed of risk management arrangements.				
Standard - **Engagement Planning (2200)**						
9	Internal Auditors develop and document a plan for each consulting engagement. For significant consulting engagements, a written understanding is documented and communicated including the objectives, scope, respective responsibilities and other expectations.	The International Professional Practices Framework (IPPF) requires plans and working papers for all consulting as well as assurance engagements. There is scope to improve the paperwork to support consultation engagements, which is not currently standardised or included in the Audit Protocol. All consulting engagements are initiated on the basis of an agreed understanding of the objectives, scope and responsibilities of the parties involved. It would be good practice to ensure this is documented in the event of any significant consulting engagements.	A pro forma / document should be developed for the purposes of documenting the consulting engagement objectives, scope, timing and resource allocations. For any significant consulting engagements (exceeding 10 planned days), a documented understanding should be reached with clients on the objectives, scope and respective responsibilities for the engagement.	A listing of working groups / forums attended by Audit has been developed. This is used to document each group attended the audit representative, scope, resource required and objectives of each audit engagement.	All Auditors	March 16
10	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, Internal Audit has established a written	**Not in Place** No written agreements on confidentiality / codes of conduct are used with external clients for	In the event of audit engagements which relate to external parties, it must be ensured that there is a	*To be Considered by the Audit Manager.*		

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	understanding with that party about: 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).	grant work etc.	written understanding, including a written agreement on confidentiality and codes of conduct.			
Standard - Engagement Planning - Engagement Scope (2220)						
11	The engagement scope includes consideration of the following relevant areas under the control of outside parties, where appropriate: • Systems; • Records; • Personnel; • Premises.	There is a need to develop assurance work in this area to provide assurance over third party arrangements.	Audit engagements should be planned which provide assurance over areas under third party control.	*To be Considered by the Audit Manager.*		
Standard - Communicating Results - Overall Opinion (2450)						
12	The Internal Audit Annual Report incorporates the following: • A comparison of work actually carried out with the work planned; • The results of the QAIP; • Progress against any improvement plans resulting from the QAIP; • A summary of the performance of the internal	The Internal Audit Annual Report reflects on the results of the audit work carried out and how this supports the audit opinion. The QAIP is communicated in the Audit Strategy, but not specifically reported upon in the Internal Audit Annual Report. However, there has not been an external assessment and this is the first improvement action plan resulting from an internal self-assessment against the PSIAS.	The Annual Internal Audit Report should include: • A comparison of work actually carried out with the work planned; • The results of the QAIP; • Progress against any improvement plans resulting from the QAIP; • Performance targets to	*To be captured in the Internal Audit Annual Report 2016/17.*	Audit Manager	March 2017

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	audit activity against its performance measures and targets.	The comparative data of work carried out to planned is in included in the Internal Audit Annual Report. Post audit assessment data and customer feedback is reported in the Internal Audit Annual Report, but targets are not shown.	which internal audit activity performance is measured.			