

INTERNAL AUDIT – SUMMARY OF SELF-ASSESSMENT OF PSIAS CONFORMANCE

In summary there are 334 best practice lines within the PSIAS. A self-assessment review of conformance against the PSIAS was undertaken during July 2017 by the Chief Auditor revealed that 94% of the best practice of the PSIAS was in place.

The table below summarises the outcome of the self-assessment.

Standard	Conformance			Total
	Y	N	P	
1. Definition of Internal Audit	3	0	0	3
2. Code of Ethics	12	0	1	13
3. Attribute Standards				
1000. Purpose, Authority and Responsibility	23	0	0	23
1100. Independence and Objectivity	26	2	1	29
1200. Proficiency and Due Professional Care	21	0	0	21
1300. Quality Assurance and Improvement Programme	26	1	0	27
4. Performance Standards				
2000. Managing the Internal Audit Activity	41	1	4	46
2110. Nature of Work	31	0	0	31
2200. Engagement Planning	53	3	2	58
2300. Performing the Engagement	21	0	1	22
2400. Communicating Results	53	2	0	55
2500. Monitoring Progress	3	1	0	4
2600. Communicating the Acceptance of Risks	2	0	0	2
Total	315	10	9	334
Percentage	94%	3%	3%	100%

Summary of Part/Non-Compliance

Ref	Conformance with the Standard	Y	P	N	Evidence
2	Code of Ethics				
	<p>Confidentiality Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>a) Acting prudently when using information acquired in the course of their duties and protecting that information?</p>		P		Files are not locked away at night or when the office is left unattended although public access to the office is unlikely due to position within the Guildhall which is no longer accessible by the public.
3	Attribute Standards				
3.2	1100 Independence and Objectivity				
	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?			N	The Council's Employee Performance Management Policy states that the annual performance appraisal should be carried out by the immediate line manager.
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?			N	Feedback from the Chair of the Audit Committee is not sought as part of the Chief Auditor's annual performance appraisal.
	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?		P		Audits are rotated amongst staff but there is no specific policy to rotate audits as experience in particular areas is felt to be advantageous and knowledge base is deemed to be more efficient from a client perspective.
3.4	1300 Quality Assurance & Improvement Program				
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?			N	This statement is not currently used in audit reports. Pending outcome of the external review in Q3.

4	Performance Standards				
4.1	2000 Managing the Internal Audit Activity				
	Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the <i>Standards</i> ?		P		A number of areas of non-conformance have been identified as part of this self-assessment which will be addressed.
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?		P		Policies and procedures including an audit manual are in place but the Manual needs to be reviewed and updated.
	Has the CAE established policies and procedures to guide staff in performing their duties in a manner that conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.		P		An audit manual exists but needs to be reviewed and updated to ensure that it conforms to the PSIAS – however this has been replaced with more practical guidance notes.
	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?		P		The audit manual requires updating and should then be reviewed on an annual basis going forward. However, procedure notes have been developed and reviewed to guide staff which are accessible from a shared drive as a replacement for the Audit Manual.
	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?			N	An assurance mapping exercise has not been carried out.
4.3	2200 Engagement Planning				
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?			N	Unclear as to what this means.
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?			N	Unclear as to what this means.
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?			N	Unclear as to what this means.

	Were work programmes approved prior to implementation for each engagement?		P		Audit programmes are reviewed but were not being formally approved prior to each engagement. This has now been addressed and all new/amended programmes are subject to approval by the Principal Auditor.
	Were any adjustments required to work programmes approved promptly?		P		Changes to audit programmes have not historically been subject to formal approval. This has now been addressed and all amendments are approved prior to implementation.
4.4	2300 Performing the Engagement				
	Does the CAE control access to engagement records?		P		Working papers are either held on paper files or on the Galileo Audit Management System. Paper files are held in the Internal Audit room but are not locked away when the room is unattended. However, unauthorised access to the files is unlikely due to the position of the room within the Guildhall. The permission of the Chief Auditor is required before access to records is granted to someone outside the Section.
4.5	2400 Communicating Results				
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?			N	This statement is not currently used in audit reports. The outcome of the external assessment will determine whether we are able to include this statement going forward.
	Does the annual report incorporate the following: g) A statement on conformance with the PSIAS?			N	The Annual Report does not contain reference to the PSIAS and at the moment
4.6	2500 Monitoring Progress				
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?			N	A report/memo is provided to the service manager and Head of Service recording the results of the follow up visit but the original level of assurance is not revised on the basis of the follow up visit. The level of

					<p>assurance will be reviewed when the next full audit of the service is completed. However, if any significant issues were identified during a follow up audit, they would be reported to the service management, senior management and the Audit Committee if appropriate.</p>
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