



## Report of the Chief Auditor

### Internal Audit

## Summary of Self-Assessment of PSIAS Conformance 2019/20

It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that internal audit providers must maintain a Quality Assurance and Improvement Programme (QAIP) which covers all aspects of the internal audit activity and is intended to assist in raising standards across the public sector and ensuring consistency in improvement.

The QAIP allows internal audit providers to be assessed, both internally and externally, to show that the provider is complying with the PSIAS. Part of the internal assessment involves an annual review of compliance with the PSIAS using the detailed checklist included in CIPFA's Local Government Application Note. CIPFA released an updated version of the Local Government Application Note in February 2019 and this updated version has been used to complete the self-assessment for 2018/19. The annual self-assessment also fulfils the requirement established in the Accounts and Audit (Wales) Regulations 2014 for an annual assessment of the effectiveness of the Internal Audit service.

An external assessment of compliance with the PSIAS must be completed at least once every 5 years and may either be a full external assessment or a self-assessment which is subject to independent external validation.

The first external assessment in Swansea was completed in quarter 4 2017/18. The assessment method adopted was a self-assessment subject to external validation using the peer review group established by the Welsh Chief Auditors Group. The validation was completed by Cardiff Council.

In summary, the peer review concluded that the City and County of Swansea's Internal Audit Section is broadly compliant with the PSIAS, with no significant deviations from the Standards being noted. Some areas for improvement were highlighted as part of the review. All recommendations arising from the review have been fully implemented.

The results of the annual internal assessment of compliance with the PSIAS using CIPFA's detailed Local Government Application Note can be found in the table in Appendix A.

Further details in relation to areas where the Service has been assessed as non-compliant or partly-compliant can be found in Appendix B.

## APPENDIX A

In summary there are 336 best practice lines within the PSIAS. A self-assessment review of conformance against the PSIAS was undertaken during February 2020 by the Chief Auditor revealed that 99.1% of the best practice of the PSIAS was in place.

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

Standard	Conformance			Total
	C	P	N	
1. Mission of Internal Audit	1			1
2. Definition of Internal Audit	2			2
3. Core Principles	10			10
4. Code of Ethics	13			13
<b>5. Attribute Standards</b>				
1000. Purpose, Authority and Responsibility	21			21
1100. Independence and Objectivity	36	1		37
1200. Proficiency and Due Professional Care	21			21
1300. Quality Assurance and Improvement Programme	25			25
<b>6. Performance Standards</b>				
2000. Managing the Internal Audit Activity	41			41
2100. Nature of Work	30			30
2200. Engagement Planning	58			58
2300. Performing the Engagement	17	1		18
2400. Communicating Results	53			53
2500. Monitoring Progress	3		1	4
2600. Communicating the Acceptance of Risks	2			2
<b>Total</b>	<b>333</b>	<b>2</b>	<b>1</b>	<b>336</b>
<b>Percentage</b>	<b>99.1%</b>	<b>0.6%</b>	<b>0.3%</b>	<b>100%</b>

Key: C - Compliant. P – Partly Compliant. N – Non Compliant.

<b>Summary of Part/Non-Compliance</b>					
<b>Ref</b>	<b>Conformance with the Standard</b>	<b>C</b>	<b>P</b>	<b>N</b>	<b>Evidence</b>
<b>5</b>	<b>Attribute Standards</b>				
<b>5.2</b>	<b>1100 Independence and Objectivity</b>				
	Is the risk of over-familiarity or complacency managed effectively: for example by rotating assignments for ongoing assurance engagements and other audit responsibilities 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. The review of the audits is rotated between Senior Auditors / Principal Auditor as a compensating control to reduce the risk of over-familiarity or complacency.
<b>6</b>	<b>Performance Standards</b>				
<b>6.4</b>	<b>2300 Performing the Engagement</b>				
	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 anyone outside the Section.
<b>6.6</b>	<b>2500 Monitoring Progress</b>				
	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 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.

Key: C - Compliant. P – Partly Compliant. N – Non Compliant.