

Actions arising from the external quality assessment, November 2017

Appendix B

Relevant reference in Public Sector Internal Audit Standards	Action agreed per EQA final report – November 2017	Progress/ action taken as at February 2018
Integrity: one of four elements of the Code of Ethics. The integrity of internal auditors establishes trust and provides the basis for reliance on their judgement.	1. Consider including explicit reference to integrity in the Audit Charter at the next update.	Minor amendments have been made to the Internal Audit Service Charter to reflect this.
Competency: one of the four elements of the Code of Ethics. Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.	2. Consider including explicit reference to competence in the Audit Charter at the next update.	Minor amendments have been made to the Internal Audit Service Charter to reflect this.
1210 – Proficiency Internal Audit must possess the knowledge, skills and other competencies needed to perform their individual responsibilities.	3. The review team supported the ongoing procurement exercise for an external provider to deliver ICT assurance and audit services.	The ICT internal audit procurement is progressing and we anticipate that a provider will be in place for 2018/19. There are no ICT audit assignments in the proposed 2018/19 internal audit plan.
1300 – Quality Assurance and Improvement Programme The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.	4. The HIA should implement the new concurrent and post-audit file review processes set out in the team's methodology to help test conformance with unit working practices and the quality of work undertaken.	The post audit compliance review process has been set out, and a number of files have been reviewed during February 2018, from which some learning points have already been drawn for the team.
1311 – Internal Assessments (Local Government Advisory Note – additional to PSIAS): Does ongoing performance monitoring include comprehensive performance targets?	5. The HIA should consider the most appropriate performance monitoring initiatives to enhance internal audit efficiency, quality and delivery.	Timesheets will be re-introduced into the Internal Audit Service in conjunction with the county council's finance teams by 1 April 2018. Other performance monitoring will follow on from this.
2050 – Co-ordination and reliance The chief audit executive should share information, coordinate activities and consider relying upon the work of other internal and	6. Consider more systematically identifying other assurance providers and determining whether reliance can be placed on their	The value of assurance mapping will be considered in light of the assurance volunteered by services.

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external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.	activity. 7. Consider developing a fit for purpose assurance map that captures the assurance landscape over key risks.	
2120 – Risk management The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.	8. Consider whether additional resources invested in fraud and investigation may help improve internal audit capability in this area and enhance organisational governance, risk and control.	We are aware of and respond to the risk of fraud during the course of audit work. The Service currently provides a fraud and investigation service to the council as well as National Fraud Initiative support.
2330: Internal auditors must document sufficient, reliable, relevant and useful information to support the engagement results and conclusions.	9. Our guidance addresses information management and sets out the re-performance standard but could potentially set out more explicitly how we document our work and what working papers are expected.	This has been discussed with the team and we have decided that our methodology sets out expectations of our documentation sufficiently clearly. Our methodology is continuously discussed and reviewed, and minor amendments will be made from 1 April 2018.
2410: Communications must include the engagement’s objectives, scope and results.	10. As a team we are still working on developing our communication of the scope of each audit engagement. We are aiming to be more specific about the boundaries of the work – what elements of the service/ system/ process we have addressed and what we have not.	As above, this is a matter that we keep under constant review and our reports are already demonstrating more explicitly the boundaries to the work we are reporting.
2431 – Engagement disclosure of non-conformance When non-conformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:	11. Consider updating the audit methodologies or QAIP with a small section covering this particular situation and referencing PS2431 (non-conformance with the Code of	This has not knowingly been encountered in respect of an individual audit, but has been addressed in the latest revision to the Quality Assessment and Improvement Programme.

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<ul style="list-style-type: none"> • Principle(s) or rule(s) of conduct of the Code of Ethics or the Standard(s) with which full conformance was not achieved. • Reason(s) for non-conformance. • Impact of non-conformance on the engagement and the communicated engagement results. 	<p>Ethics or the Standards, where it impacts a specific engagement).</p>	<p>The Internal Audit Service Charter has been updated to reflect the reporting of any non-conformance activity.</p>
<p>2500 – Monitoring progress The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.</p>	<p>12. Consider how best to report outstanding, overdue actions to key stakeholders at regular intervals.</p>	<p>The position on outstanding and overdue actions is reported to the Audit and Accounts Committee annually.</p>