

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 the four elements of the Code of Ethics. The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.	1. Consider including explicit reference to integrity in the Audit Charter at the next update.	Amendments have been made in the Internal Audit Service Charter to reflect this. <i>Refer Appendix C</i>
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.	Amendments have been made in the Internal Audit Service Charter to reflect this. <i>Refer Appendix C</i>
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 procurement exercise is progressing and it is anticipated that an ICT audit provider will be in place for 2018/19. There are currently no specific ICT audit assignments incorporated within the proposed internal audit programme for 2018/19.
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 file review process has been set out and file reviews have commenced.
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.	It has been agreed that 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, using the information that will then become available. This will then be reflected in the Quality Assurance and Improvement

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		Programme when it is next reviewed and renewed prior to 30 June 2018.
<p>2050 – Co-ordination and reliance</p> <p>The chief audit executive should share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.</p>	<p>6. Consider more systematically identifying other assurance providers and determining whether reliance can be placed on their activity.</p> <p>7. Consider developing a fit for purpose assurance map that captures the assurance landscape over key risks.</p>	<p>The Internal Audit Service will seek to establish the sources of assurance available to the PCC and the Chief Constable. This work will then inform the Annual Report of the Head of Internal Audit, which will be presented to the JAEC in June 2018.</p>
<p>2120 – Risk management</p> <p>The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.</p>	<p>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.</p>	<p>The team is aware of and responds to the risk of fraud during the course of its audit work.</p> <p>The Internal Audit Service do not currently provide a fraud and investigation service for the PCC and Chief Constable other than the provision of support in the National Fraud Initiative.</p>
<p>2431 – Engagement disclosure of non-conformance</p> <p>When non-conformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:</p> <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>9. Consider updating the audit methodologies or QAIP with a small section covering this particular situation and referencing PS2431 (non-conformance with the Code of Ethics or the Standards, where it impacts a specific engagement).</p>	<p>This situation has not knowingly been encountered in respect of an individual audit, but will be addressed when the Quality Assessment and Improvement Programme is next reviewed and renewed prior to 30 June 2018.</p> <p>The Internal Audit Service Charter has been updated to reflect the reporting of any non-conformance activity.</p> <p><i>Refer Appendix C</i></p>

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<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>10. Consider how best to report outstanding, overdue actions to key stakeholders at regular intervals.</p>	<p>Outstanding and overdue actions are already reported to the JAEC on an annual basis and within the periodic monitoring reports.</p>