

Summary of Measures to demonstrate the effectiveness of Internal Audit – 2017-18 Review

| Measure | Finding |
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| <p>Review of the Internal Audit team against proper practice, as defined as the <i>Public Sector Internal Audit Standards and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards</i>.</p> | <p>The Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards were introduced as proper Practice from 1 April 2013 (amended April 2017).</p> <p>The PSIAS require a periodic Internal Assessment and a five-yearly independent External Assessment; this last was undertaken in the 2016/17 financial year and confirmed that the team were considered to be working in conformance with the PSIAS overall. An action plan was put in place to address the areas for development and all relevant actions were completed by end of the 2017/18 year.</p> <p>The annual internal assessment was undertaken in June 2018; this incorporated an assessment against revisions made to the PSIAS in April 2017. The self-assessment established that we continue to generally conform to the Code of Ethics and Standards that constitute the PSIAS. Some minor areas for development were identified that relate to changes made to the Standards in April 2017 where existing processes should be documented/formalised, only two areas were identified for specific action, and therefore assessed as Partially Conforms:</p> <p>Performance Standard 2050 – Coordination and Reliance</p> <p>This Standard was enhanced from purely coordinating to emphasis on the requirement to have a consistent process for relying on the work of other assurance providers. Although we rarely rely on the work of others I will undertake an exercise to map potential assurance providers and update the Audit Manual to include a criteria for reliance.</p> <p>Attribute Standard 1112</p> <p>Requires demonstrable safeguards be put in place where the CAE has responsibilities that fall outside of Internal Audit. This is already addressed in our Internal Audit Charter [Annex 2] however as the CAE manages Fraud consideration has been given to how assurance on the effectiveness of the</p> |

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| | Fraud Team can be obtained. As a result an independent external review will be undertaken in 2018/19 on a peer review basis. |
| The internal audit planning process, demonstrating that audit planning is risk-based and reflects the business objectives of the Council. | The annual audit planning exercise for the 2017/18 financial year used a risk-based methodology to ensure the most effective use of Internal Audit resource. Full Council agreed the Strategic Risk Register in October 2017 and review of the 2017/18 Plan established that there was a good level of alignment to the key risks. |
| Customer Satisfaction survey results. | Customer satisfaction surveys are sent to client managers on publication of a final internal audit report. The results of surveys returned for 2017-18 to date gave an overall satisfaction measure of 100% against a target of 100% (based on 9 surveys received at time of reporting). |
| Key performance indicator outturns. | A set of six performance measures was developed to assess the effectiveness of the Internal Audit team in achieving a quality Internal Audit Service. As reported in the Annual Internal Audit and Counter Fraud Report 2017-18, during the year the team met all of the six performance measures. |
| The extent to which reliance can be placed on the work of internal audit by the external auditor. | Grant Thornton have confirmed that the arrangements for Internal Audit contribute to an effective internal control environment. |