

**REVIEW OF LGSS INTERNAL AUDIT (CAMBRIDGESHIRE) COMPLIANCE
WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)**

To: Audit and Accounts Committee

Date: 7th June 2016

From: LGSS Head of Internal Audit

Electoral Division(s): All

Forward Plan Ref: N/A **Key decision:** No

Purpose: To note Internal Audit's continued compliance with the Public Sector Internal Audit Standards.

Key issues: LGSS Internal Audit is required to comply with the Public Sector Internal Audit Standards. This report presents an updated self-assessment against the Standards.

Recommendations: The Audit and Accounts Committee is asked to approve the results of the self-assessment against the Public Sector Internal Audit Standards.

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1.0 BACKGROUND

- 1.1 As previously reported to Audit and Accounts Committee in June 2014, the Chartered Institute of Public Finance and Accountancy (CIPFA) has adopted a common set of Public Sector Internal Audit Standards (PSIAS) from 1 April 2013 and published a local government application note in support of them. These Standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 1.2 The objectives of the PSIAS are to:
- Define the nature of internal auditing within the UK public sector;
 - Set basic principles for carrying out internal audit in the UK public sector;
 - Establish a framework for providing internal audit services that add value to the organisation, leading to improved organisational processes and operations;
 - Establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 1.3 The self-assessment against the Standards has been reviewed and updated and is shown in Appendix 1. The LGSS Internal Audit section remains compliant with PSIAS in 2015-16.
- 1.4 It was reported previously that the 2015 - 16 self-assessment against PSIAS would include a review and, if required, a revision of the Internal Audit Charter to ensure continued compliance with the Standards. This review of the Internal Audit Charter has been deferred to 2016 – 17, as a major review of key Internal Audit documentation is planned for this year. This will include the Internal Audit Charter; Internal Audit Manual; and key performance indicators. The aim is to share best practice with the Milton Keynes Internal Audit section, which has newly joined LGSS, and to improve and standardise policies and procedures accordingly. These documents' compliance with PSIAS will be maintained.

2.0 SIGNIFICANT IMPLICATIONS

2.1 Financial, Equality and Diversity Implications

There are no financial, equality and diversity implications from this report.

2.3 Statutory, Risk and Legal Implications

- 2.3.1 The requirement for local authorities to have an internal audit function is determined by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'.

- 2.3.2 Internal audit work is carried out to provide assurance on the areas identified in the annual risk-based audit plan. The latest plan was approved by Audit and Accounts Committee at its meeting on 15th March 2016.
- 2.3.3 All Internal Audit staff must comply with the requirements of the Standards, the Code of Ethics and the professional standards of their own professional organisations.

3.0 APPENDIX

Appendix 1: Review of Self-Assessment against Public Sector Internal Audit Standards, undertaken in April 2016.

**Review of LGSS Internal Audit (Cambridgeshire) Self-Assessment against the Public Sector Internal Audit Standards (PSIAS),
undertaken in April 2016**

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><u>Code of Ethics:</u></p> <p>Internal auditors in UK public sector organisations (as set out in the Applicability section) must conform to the Code of Ethics as set out below. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.</p> <ul style="list-style-type: none"> • Integrity – The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement • Objectivity – Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements. • Confidentiality – Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so • Competence – Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services. 	<p>Ongoing staff management and the staff appraisal system are the primary mechanism to address these issues. If any areas of concern are identified these will be addressed with necessary action taken.</p> <p>The LGSS Internal Audit Manual sets out (section 3) the Code of Ethics and gives guidance to staff on the professional expectations of them and how to ensure that its principles are always followed. This document is issued to all new staff as part of their induction into the team, and is available in electronic form to all Internal Audit staff.</p> <p>All new staff, including trainees, are required to sign a confidentiality agreement and a Declaration of Interests form. Declarations of Interests are also made annually by all staff; these are subject to management approval and taken into consideration when allocating work to ensure professional objectivity is maintained. In 2015 – 16, all staff have also undertaken online training on information security.</p> <p>Internal Audit team members are professionally qualified or are working towards a professional qualification. Further training and development needs are identified through ongoing day to day supervision; through the Performance Appraisal and Development Programme (PADP) process; and through regular post-audit assessments.</p> <p>Where trainee-level staff are studying, they are appropriately supervised and mentored, and the schedule of training sessions delivered to them includes a session on ethical dilemmas. A full schedule of training on Internal Audit is delivered to all trainees in the team, in addition to the training they receive on the job. Trainees are also required to complete an Expectation Map and their</p>	<p>The LGSS Internal Audit Manual is under review in 2016 – 17. As part of the revision of the Manual, it will be ensured that the focus on compliance with the Code of Ethics is maintained and appropriate guidance remains available to staff throughout.</p> <p>A session covering the requirements of the Code of Ethics will be included in a team meeting during 2016/17 to ensure that all staff have an up to date knowledge of the Standards.</p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
	progress against this is monitored regularly.	
<p><u>1000. Purpose, Authority and Responsibility</u></p> <p>The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> and the <i>Standards</i>. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.</p> <p><u>Public Sector requirements:</u></p> <p>The Audit Charter must:</p> <ul style="list-style-type: none"> • define the terms 'board' and 'senior management' for the purposes of internal audit activity; • cover the arrangements for appropriate resourcing; • define the role of internal audit in any fraud-related work; and • include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities. <p><u>1000.A1</u> The nature of assurance services provided to the organisation must be defined in the internal audit charter. If assurances are to be provided to parties outside the organisation, the nature of these assurances must also be defined in the internal audit charter.</p> <p><u>1000.C1</u> The nature of consulting services must be defined in the</p>	<p>The LGSS Internal Audit Charter was issued in June 2014 to take account of the new Public Sector Internal Audit Standards which were effective from April 1st 2013. This Charter was approved by the Audit and Accounts Committee in June 2014. The Charter will be fully reviewed in 2016 – 17, as the merger of the Milton Keynes Internal Audit team into LGSS presents an opportunity for the service to further standardise the Charter and to incorporate best practice and learning from across partner organisations.</p> <p><u>Public sector requirements:</u></p> <ul style="list-style-type: none"> • The LGSS Internal Audit Charter defines the terms 'board' and 'senior management' for the purposes of internal audit activity (section 2); • Resourcing is covered in the Internal Audit Charter (section 5) and detailed resource allocations are set out in the Audit Plan. • The role of Internal Audit in fraud-related work is set out throughout the Charter and further explored in the Anti-Fraud and Corruption Strategy. • Arrangements for avoiding conflicts of interest are set out at section 7. Internal Audit staff do not undertake non-audit activities; the Head of Internal Audit will ensure staff transferring internally to Internal Audit do not audit activities they were previously responsible for, for at least 18 months. This includes transfers of CIPFA trainees from placements in Professional Finance. <p><u>1000.A1</u> The nature of assurance services provided to the organisation and to parties outside the organisation is defined in the Internal Audit charter.</p> <p><u>1000.C1</u></p>	<p>LGSS Internal Audit Charter to be reviewed in 2016/17. The revised Charter will be presented to senior management and the Audit & Accounts Committee for approval.</p>

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internal audit charter.	The nature of consulting services is defined in the Internal Audit Charter (section 7.1).	
<p><u>1010. Recognition of the Definition of Internal Auditing, the Code of Ethics and the Standards in the Internal Audit Charter</u></p> <p>The mandatory nature of the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> and the <i>Standards</i> must be recognised in the internal audit charter. The chief audit executive should discuss the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> and the <i>Standards</i> with senior management and the board.</p>	<p>The mandatory nature of the Definition of Internal Auditing is recognised in the Internal Audit Charter (section 3.1), as is the mandatory nature of the Standards (section 1), and the Code of Ethics (section 10.1).</p> <p>Internal Audit conducts periodic self-assessments to evaluate conformance with the Definition of Internal Auditing, the code of Ethics and the Standards, reporting any areas of non-compliance to the Senior Management team and the Audit Committee. Most recently, this evaluation was presented in June 2015. At this point, discussions with senior management and the board regarding the Standards are carried out. Further discussions are carried out with senior management and the board on an ad-hoc basis, as relevant issues arise.</p>	<p>The revised Audit Charter will maintain compliance with PSIAS.</p>
<p><u>1100. Independence and Objectivity</u></p> <p>The internal audit activity must be independent and internal auditors must be objective in performing their work.</p> <p>Organisational Independence - The chief audit executive must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The chief audit executive must confirm to the board, at least annually, the organisational independence of the internal audit activity.</p> <p><u>Public Sector Requirement:</u></p> <p>The chief audit executive must report functionally to the board. The chief audit executive must also establish effective communication with, and have free and unfettered access to,</p>	<p>The Audit Charter sets out and confirms the independence and objectivity of internal audit. The Head of Internal Audit has direct access to those charged with governance including the Audit Committee, the Chief Executive, S151 Officer and Senior Management Team (section 4.2). The Head of LGSS Internal Audit reports directly to the Audit Committee (section 4.3).</p> <p>The independence and objectivity of internal audit is also maintained through the staffing controls outlined above in the section on Code of Ethics. Staff must comply with the requirements of the Standards and of their own professional bodies and must sign annual Declarations of Interests. Staff are given further guidance on the need for independence and objectivity in the LGSS Internal Audit Manual (section 4).</p> <p><u>Public Sector Requirement:</u></p> <p>Functional independence is achieved by the Audit Committee</p>	<p>Declarations of Interests forms for all staff will be made again for 2016/17, and reviewed by management.</p>

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<p>the chief executive (or equivalent) and the chair of the audit committee.</p> <p>1110.A1 The internal audit activity must be free from interference in determining the scope of internal auditing, performing work and communicating results.</p>	<p>approving the Internal Audit Charter and the risk-based Internal Audit Plan. The Head of Internal Audit has free and unfettered communication with and access to the Chief Executive and Chair of the Audit and Accounts Committee, as set out above. The Head of Internal Audit attends Audit & Accounts Committee meetings and Chair's Briefings six times a year, and has further communication with the Committee outside of meetings, as appropriate.</p> <p>1110.A1 The independence of Internal Audit is protected in the Internal Audit Charter. Internal Audit produces an annual risk-based Audit Plan which sets out the planned scope of internal auditing for the year and is approved by the independent Audit & Accounts Committee. The Audit & Accounts Committee also monitors the delivery of the Audit Plan throughout the year. The LGSS Internal Audit Manual sets out the section's processes for determining the scope of internal auditing, performing work and communicating results, which ensure that the internal audit activity is free from interference.</p>	
<p><u>1111. Direct Interaction with the Board</u></p> <p>The chief audit executive must communicate and interact directly with the board.</p>	<p>An independent Audit & Accounts Committee exists within the authority, which has an independent Chair. The terms of reference for the Committee have been formally approved and are regularly reviewed. The Head of Internal Audit attends the meetings of the Audit & Accounts Committee in person, at which he reports on the outcome of internal audit work, identifies necessary changes to the Audit Plan, and presents an annual report and audit opinion on the internal control and risk management framework. The Head of Internal Audit is also available to Committee members outside of board meetings.</p> <p>Training has been provided to Audit Committee members and specific training is provided on request.</p>	<p>Terms of Reference for the Audit & Accounts Committee to be reviewed again in 2016/17.</p>
<p><u>1130. Impairment to Independence or Objectivity</u></p> <p>If independence or objectivity is impaired in fact or appearance, the details of the impairment must be</p>	<p>Guidance on expectations regarding independence and objectivity is available to all staff in the LGSS Internal Audit Manual (section 3), which is also issued to new staff when they join the section.</p>	<p>N/A</p>

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<p>disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.</p> <p><u>1130.A1</u> Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.</p> <p><u>1130.A2</u> Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.</p> <p><u>1130.C1</u> Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.</p> <p><u>1130.C2</u> If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.</p> <p><u>Public sector requirement</u> Approval must be sought from the board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement.</p>	<p><u>1130</u> All staff complete an annual Declaration of Interest, and new starters in the team complete this form on starting work. These forms are reviewed by management to ensure that independence and objectivity is maintained through the appropriate allocation of work. Graduate trainees do not audit activity for which they were formerly responsible in their most recent year-long placement in Professional Finance. If other staff transfer to internal audit from elsewhere in the organisation, they are not allocated audits over activity for which they had responsibility during the previous 18 months.</p> <p>The Head of Internal Audit is responsible for internal audit and risk management; however the responsibility for risk management extends only to the facilitation of risk management activity throughout the organisation, rather than any responsibility for actively managing risk; this is solely held by management. Reviews of risk management are undertaken by members of the team who are not involved in any risk management work; this is held to be sufficient, as the review focuses on actual risk management activity undertaken by management, not the facilitation work of the internal audit team. A review is scheduled for 2016 – 17.</p> <p>If significant consulting services are to be taken on, approval is sought from the Audit & Accounts Committee prior to accepting the engagement. Any potential impairment of the internal auditor allocated to the consulting work is disclosed to the client.</p>	
<p><u>1200. Proficiency and Due Professional Care</u></p> <p>Engagements must be performed with proficiency and due professional care.</p> <p><u>1210. Proficiency</u> - Internal auditors must possess the knowledge, skills and other competencies needed to</p>	<p>The Internal Audit Manual sets out requirements around proficiency and gives guidance on how audit assignments should be carried out to ensure consistency across the team. This manual is issued to all new starters and is available in electronic copy to all members of the team.</p>	<p>Continuous professional development of all team members will continue to be supported in 2016/17. In</p>

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<p>perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities.</p> <p><u>Public sector requirement</u></p> <p>The chief audit executive must hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.</p> <p><u>1210.A1</u></p> <p>The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.</p> <p><u>1210.A2</u></p> <p>Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.</p> <p><u>1210.A3</u></p> <p>Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.</p> <p><u>1210.C1</u></p> <p>The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.</p>	<p><u>1210.</u></p> <p>The skills and competencies required of each post have been determined through job descriptions and person specifications. These have been reviewed as part of the re-structure of LGSS Internal Audit in 2015.</p> <p>Internal Audit staff are professionally qualified or in the process of working towards a professional qualification. Unqualified staff are supervised by a professionally qualified manager, and all audit work is subject to processes for oversight and review.</p> <p>Actual skills and competencies of staff are assessed regularly through the performance appraisal process; monthly supervisions; day-to-day- staff management; and the completion of post-audit assessments. These processes ensure that individual training and development plans are in place for all staff and training needs are addressed pro-actively as they become apparent. Training sessions for the whole team are delivered (in 2015-16 this has included Information Security e-learning, and a session on process mapping). This ensures that all staff are proficient in performing their responsibilities, and includes ensuring that staff have sufficient knowledge of fraud and information technology risks and controls.</p> <p>The Internal Audit budget includes a dedicated training budget to support the cost of professional qualifications and support staff in meeting their CPD requirements. In 2015-16 a number of staff have attended the Cambridgeshire Audit Group away day, and other training sessions have been delivered according to need.</p> <p>If staff lack the knowledge, skills or other competencies needed to perform all or part of an engagement, assistance is taken on by the Head of Internal Audit. In 2015 this included the engagement of a specialist IT auditor and interim staff to support service delivery.</p> <p><u>Public Sector requirement:</u></p> <p>The Head of Internal Audit is professionally qualified and suitably experienced.</p>	<p>particular, time at team meetings will be set aside for workshops focused on developing staff skills around different aspects of internal audit work.</p>

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<p><u>1220. Due Professional Care</u></p> <p>Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.</p> <p><u>1220.A1</u> Internal auditors must exercise due professional care by considering the:</p> <ul style="list-style-type: none"> • Extent of work needed to achieve the engagement's objectives; • Relative complexity, materiality or significance of matters to which assurance procedures are applied; • Adequacy and effectiveness of governance, risk management and control processes; • Probability of significant errors, fraud, or non-compliance; and • Cost of assurance in relation to potential benefits. <p><u>1220.A2</u> In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.</p> <p><u>1220.A3</u> Internal auditors must be alert to the significant risks that might affect objectives, operations or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.</p> <p><u>1220.C1</u> Internal auditors must exercise due professional care during a consulting engagement by considering the:</p> <ul style="list-style-type: none"> • Needs and expectations of clients, including the 	<p>The Internal Audit Manual sets out requirements around due professional care (section 3). This manual is issued to all new starters and is available in electronic copy to all members of the team.</p> <p>The Internal Audit Manual also gives guidance on the proper conduct of audit engagements, including detailed guidance on objectives, scope, and the assignation of assurance opinions. Detailed guidance on assurance opinions is also included in all report templates to ensure that opinions are applied consistently throughout the service.</p> <p>All audit work goes through a thorough process of review by management to ensure that due professional care is exercised and all appropriate factors are considered in delivering the audit work. This includes review of terms of references, working papers and evidence, in addition to draft and final reports.</p> <p>This process of review and supervision also ensures that use of technology-based audit and data analysis techniques is considered for all reviews, as appropriate. In particular in 2015-16, a number of audits have employed data analysis work, including reviews of Direct Payments, Care Income, and Street Lighting PFI. LGSS Internal Audit has a designated IT Audit Manager who can be contacted for support with more complex technology-based audit techniques.</p> <p>The same processes of review and supervision are in place for any consulting engagements, to ensure that due professional care is exercised.</p>	<p>N/A.</p>

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<p>nature, timing and communication of engagement results;</p> <ul style="list-style-type: none"> • Relative complexity and extent of work needed to achieve the • engagement's objectives; and • Cost of the consulting engagement in relation to potential benefits. 		
<p><u>1230. Continuing Professional Development</u></p> <p>Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development.</p>	<p>In 2015/16, all members of the Internal Audit team had continuing professional development included as one of their key appraisal objectives, to ensure that an appropriate focus was maintained on this key aspect of the PSIAS.</p> <p>Actual skills and competencies of staff are assessed regularly through the performance appraisal process; monthly supervisions; day-to-day- staff management; and the completion of post-audit assessments. These processes ensure that individual training and development plans are in place for all staff and training needs are addressed pro-actively as they become apparent.</p> <p>Training sessions for the whole team are delivered (in 2015-16 this has included Information Security e-learning, and a session on process mapping). This ensures that all staff are proficient in performing their responsibilities and undertake continuing professional development.</p> <p>The Internal Audit budget includes a dedicated training budget to support the cost of professional qualifications and support staff in meeting their CPD requirements. In 2015-16 a number of staff have attended the Cambridgeshire Audit Group away day, and other training sessions have been delivered according to need. All permanent members of staff also delivered at least one training session each to the new graduate trainees.</p>	<p>Continuous professional development of all team members will continue to be supported in 2016/17. In particular, time at team meetings will be set aside for workshops focused on developing staff skills around different aspects of internal audit work.</p>
<p><u>1300. Quality Assurance</u></p>	<p>There are a number of strands to the quality assurance and</p>	<p>See below.</p>

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<p>The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.</p> <p><u>1310. Requirements of the Quality Assurance and Improvement Programme</u> - The quality assurance and improvement programme must include both internal and external assessments.</p>	<p>improvement program in place at LGSS Internal Audit, which are detailed at 1311 below. These strands cover all aspects of internal audit activity.</p> <p>See below for further details.</p>	
<p><u>1311. Internal Assessments</u></p> <p>Internal assessments must include:</p> <ul style="list-style-type: none"> • Ongoing monitoring of the performance of the internal audit activity; and • Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices. 	<p>The service has a number of Key Performance Indicators which aim to assess the quality of the service being delivered and identify any areas for improvement. This includes the results of a customer feedback questionnaire which is issued following every audit; delivery against the annual Audit Plan; ensuring reports are delivered within agreed timescales; and compliance with PSIAS. These performance indicators are under constant review within the team and are reported to management on a quarterly basis, and to the Audit & Accounts Committee at least annually. In 2015-16, Internal Audit have overachieved against these indicators in both their delivery of the Audit Plan, and against their targets for customer feedback.</p> <p>Managers conduct a robust review of terms of reference, audit files and draft reports to ensure that the work completed is in accordance with the original scope of work agreed and to the desired quality. The Head of Internal Audit reviews all reports with a moderate or limited assurance level following on from this review prior to the draft / final reports being issued. Trainee-level staff are supervised closely throughout their delivery of audit work.</p> <p>Performance of individual auditors is monitored closely through day to day management; the annual appraisal process; monthly supervisions; and post-audit assessments.</p> <p>Service development work is also undertaken to actively improve the performance of internal audit activity. In 2015-16 this has included a significant review of practice around schools auditing, and the introduction of the new SharePoint system which ensures</p>	<p>A review of performance indicators is planned for 2016/17, to ensure that the indicators give the most useful and accurate picture of the performance of the internal audit activity.</p>

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	<p>that auditors can share resources and intelligence easily between offices.</p> <p>An annual self-assessment of internal audit activity is also conducted.</p>	
<p><u>1312. External Assessments</u></p> <p>External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The chief audit executive must discuss with the board:</p> <ul style="list-style-type: none"> • The form of external assessments; • The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest. <p><u>Public sector requirement</u> The chief audit executive must agree the scope of external assessments with an appropriate sponsor, e.g. the Accounting/Accountable Officer or chair of the audit committee as well as with the external assessor or assessment team.</p>	<p>An external assessment of the LGSS Internal Audit team has yet to be conducted. As PSIAS were introduced in 2013 and assessments need take place once every five years, this is not overdue. When the external assessment is arranged, the Head of Internal Audit will agree the scope with an appropriate sponsor as well as the external assessor.</p>	<p>Identify when the external assessment against PSIAS will take place.</p>

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<p><u>1320. Reporting on the Quality Assurance and Improvement Programme</u></p> <p>The chief audit executive must communicate the results of the quality assurance and improvement programme to senior management and the board.</p> <p><u>Public sector requirement</u> The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.</p> <p><u>1321. Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing” - The chief audit executive may state that the internal audit activity conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> only if the results of the quality assurance and improvement programme support this statement.</u></p> <p><u>1322. Disclosure of Non-conformance - When non-conformance with the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> or the <i>Standards</i> impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the non-conformance and the impact to senior management and the board.</u></p> <p><u>Public sector requirement</u> Instances of non-conformance must be reported to the board. More significant deviations must be considered for inclusion in the governance statement.</p>	<p>The results of the quality assurance and improvement are communicated regularly to senior management and the Audit & Accounts Committee. Quarterly and annual performance statistics are communicated to senior management in LGSS and Cambridgeshire County Council. These statistics are also reported to the Senior Management Team Audit & Accounts Committee in the Annual Report. The Annual Report also gives further detail on improvement work undertaken and the work delivered by Internal Audit throughout the year. The Audit & Accounts Committee also receive an annual assessment of compliance against PSIAS.</p> <p>Additionally, the Senior Management Team and Audit & Accounts Committee receive quarterly progress reports which give a regular update on performance throughout the year. This report shows audit reviews delivered each quarter and their assurance ratings, gives an update on progress with the implementation of management actions, and gives other key information which management and Councillors may use in their assessment of the Internal Audit service.</p> <p>Any instances of non-conformance with the Definition of Internal Auditing, the Code of Ethics or the Standards is reported to the Audit & Accounts Committee, and any serious deviations are considered for inclusion in the governance statement.</p>	<p>N/A</p>
<p><u>2000. Managing the Internal Audit Activity</u></p> <p>The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation.</p>	<p><u>2010.</u> The annual risk-based Audit Plan is presented to the Audit and Accounts Committee in March of the preceding financial year. The Audit Manual sets out the Audit Strategy and the procedure for producing the annual Plan (section 7).</p>	<p>N/A</p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><u>2010. Planning</u> - The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.</p> <p><u>Public sector requirement</u></p> <p>The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.</p> <p><u>2010.A1</u></p> <p>The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.</p> <p><u>2010.A2</u></p> <p>The chief audit executive must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions.</p> <p><u>2010.C1</u></p> <p>The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.</p>	<p>The risk-based Audit Plan is presented to the Committee in person by the Head of Internal Audit. It is presented as part of a full report which gives details of how the internal audit service will be delivered and developed, and how resource has been allocated according to organisational objectives, priorities and key risks. The Plan is developed based on a risk assessment, with input from senior management and the Audit & Accounts Committee.</p> <p>The Plan is also included as an Appendix to every Internal Audit Progress Report to the Senior Management Team and the Audit & Accounts Committee. This illustrates any changes to the Plan over time. Senior Management have the opportunity to propose amendments to the Plan or request consulting activity. If these are accepted and approved by the Audit & Accounts Committee, these engagements will be included in the revised Plan.</p>	
<p><u>2020. Communication and Approval</u></p> <p>The chief audit executive must communicate the internal audit activity's plans and resource requirements,</p>	<p>The annual Internal Audit Plan sets out the intended scope of internal audit activity and resource requirements, and is approved by the Audit & Accounts Committee in their March meeting each</p>	<p>N/A</p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p>including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.</p>	<p>year. The Plan is also presented to the Senior Management Team meeting prior to the March Audit & Accounts meeting.</p> <p>An Internal Audit Progress Report is taken to the Senior Management Team and Audit & Accounts Committee at least quarterly. This gives an update on progress against the Plan and also identifies any significant interim changes, for approval by the Audit and Accounts Committee. The Head of Internal Audit communicates the impact of resource limitations to senior management and the Audit & Accounts Committee as the need arises.</p>	
<p><u>2030. Resource Management</u></p> <p>The chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.</p> <p><u>Public sector requirement</u> The risk-based plan must explain how internal audit's resource requirements have been assessed.</p> <p>Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.</p>	<p>The responsibilities of the Head of Internal Audit in this respect are set out in the Audit Manual. The risk-based Plan sets out how the resource requirements have been assessed and the level of resources allocated to each key assurance block.</p> <p>Resources are monitored constantly within the Internal Audit team to identify any potential resourcing issues. All audit reviews are allocated to auditors with the necessary skills to deliver the work, and are given time budgets within which they are expected to be delivered; these time budgets are calculated to allow an appropriate amount of time to be spent on each review while maintaining sufficient resource to deliver the entire Audit Plan. Performance against time budgets is monitored by individual auditors, and by management on a weekly basis to identify any areas where audits are taking longer than expected, which may cause a resource pressure. These pressures are managed within the team to ensure delivery of the Plan (delivery against the approved Plan is also a key performance measure which is reported on monthly).</p> <p>Should the Head of Internal Audit believe that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, this is brought to the attention of the Audit & Accounts Committee. The resourcing of Internal Audit is</p>	<p>N/A</p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
	discussed at Committee meetings, most recently in March 2016.	
<u>2040. Policies and Procedures</u> The chief audit executive must establish policies and procedures to guide the internal audit activity.	Policies and procedures are defined in the LGSS Internal Audit Manual, which is available to all Internal Audit team members and is issued to new starters when they begin work in the team. The Manual is fully compliant with PSIAS.	Review of the Internal Audit Manual is scheduled to take place in 2016/17.
<u>2050. Coordination</u> The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts. <u>Public sector requirement</u> The chief audit executive must include in the risk-based plan the approach to using other sources of assurance and any work required to place reliance upon those other sources.	All efforts are made to ensure that Internal Audit activity is co-ordinated with that of other internal and external providers of assurance, to ensure proper coverage and minimise duplication of efforts. The Internal Audit Plan is developed in conjunction with a review of the Council's Assurance Framework, which sets out assurances received from other third parties against the key risks of the organisation, and the Risk Register, which identifies ongoing work to address key risks, including some third party assurance and consulting services work. Members of the Council's Senior Management Team are also given the opportunity to give their input and comment on the Audit Plan, and this is also used to identify any potential areas of duplication. This approach is set out in the report on the Audit Plan.	N/A
<u>2060. Reporting to Senior Management and the Board</u> The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.	The Head of Internal Audit presents Progress Reports to the Senior Management Team and Audit & Accounts Committee at least quarterly, detailing the internal audit purpose, authority, responsibility and performance relative to the plan. Any significant risk exposures and control issues are also highlighted. If a significant risk exposure or control issue is identified, this will be addressed with management at the time it is identified to ensure a timely response; an update will then also be brought to the next scheduled meeting.	N/A
<u>2070. External Service Provider and Organisational Responsibility for Internal Auditing</u>	This standard is not applicable.	N/A

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p>When an external service provider serves as the internal audit activity, the provider must make the organisation aware that the organisation has the responsibility for maintaining an effective internal audit activity.</p>		
<p><u>2100. Nature of Work</u></p> <p>The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.</p>	<p>Achievement of this standard is ensured through the design of an effective risk-based annual plan of audit activity; the establishment of clear systematic processes and procedures; a robust follow-up procedure to ensure agreed actions and improvements are implemented; and close monitoring of performance and quality assurance of work delivered.</p> <p>The findings of internal audit contribute to the Annual Governance Statement. The Annual Report by the Head of Internal Audit documents the contribution of internal audit to governance and risk management.</p>	<p>N/A</p>
<p><u>2110. Governance</u></p> <p>The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:</p> <ul style="list-style-type: none"> • Promoting appropriate ethics and values within the organisation; • Ensuring effective organisational performance management and accountability; • Communicating risk and control information to appropriate areas of the organisation; and • Coordinating the activities of and communicating information among the board, external and internal auditors and management. 	<p>A review of the organisation's Governance Framework is carried out annually by Internal Audit. The work carried out by Internal Audit throughout the year informs both the annual internal audit opinion and the Annual Governance Statement. Any significant recommendations for improving the governance process in its accomplishment of these objectives will feed into the Annual Governance Statement and associated action plan accordingly.</p> <p>The internal audit activity is designed to assess the entire control environment, including the accomplishment of governance objectives, information technology governance and the organisation's ethics-related objectives, programmes and activities. Where recommendations to improve these processes are identified during an audit assignment, these will be incorporated into the final report and action plan.</p>	<p>N/A</p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><u>2110.A1</u> The internal audit activity must evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities.</p> <p><u>2110.A2</u> The internal audit activity must assess whether the information technology governance of the organisation supports the organisation's strategies and objectives.</p>		
<p><u>2120. Risk Management</u></p> <p>The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.</p> <p><u>2120.A1</u> The internal audit activity must evaluate risk exposures relating to the organisation's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> • Achievement of the organisation's strategic objectives; • Reliability and integrity of financial and operational information; • Effectiveness and efficiency of operations and programmes; • Safeguarding of assets; and • Compliance with laws, regulations, policies, procedures and contracts. <p><u>2120.A2</u> The internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud</p>	<p>Internal Audit activity is planned and set out each year in the Internal Audit Plan. This is based on an analysis of the key risks facing the organisation in relation to the achievement of its strategic objectives. This includes consideration of the reliability and integrity of financial and operational information; the effectiveness and efficiency of operations and programmes; safeguarding of assets; fraud risk; and compliance with law, regulations, policies, procedures and contracts. The Audit Plan is divided into assurance blocks which ensure that audit resource is directed to providing appropriate coverage of all these areas.</p> <p>All internal audit reviews consider the relevant risks and controls and evaluate the effectiveness of the control environment in controlling organisational risk, as well as compliance with controls. An opinion is issued on the assurance that can be given against each of these areas, at the conclusion of the audit review. Action plans are agreed to improve the control of risk throughout the organisation, and implementation of agreed actions is followed up by Internal Audit to ensure that planned improvements to risk management processes are achieved.</p> <p>The same process is followed for consulting engagements, and the results of these engagements are taken into account in the annual opinion.</p> <p>The Annual Report gives an overall opinion on the control environment as a whole, and how effectively risks are being</p>	<p>N/A</p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p>risk.</p> <p><u>2120.C1</u> During consulting engagements, internal auditors must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks.</p> <p><u>2120.C2</u> Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes.</p>	<p>managed throughout the organisation.</p>	
<p><u>2130. Control</u></p> <p>The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.</p> <p><u>2130.A1</u> The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> • Achievement of the organisation's strategic objectives; • Reliability and integrity of financial and operational information; • Effectiveness and efficiency of operations and programmes; • Safeguarding of assets; and • Compliance with laws, regulations, policies, procedures and contracts. <p><u>2130.C1</u> Internal auditors must incorporate knowledge of controls</p>	<p>See above.</p> <p>All internal audit reviews consider the relevant risks and controls and evaluate the effectiveness of the control environment in controlling organisational risk, as well as compliance with controls. An opinion is issued on the assurance that can be given against each of these areas, at the conclusion of the audit review. Action plans are agreed to improve the control of risk throughout the organisation, and implementation of agreed actions is followed up by Internal Audit to ensure that planned improvements to risk management processes are achieved.</p> <p>The same process is followed for consulting engagements, and the results of these engagements are taken into account in the annual opinion.</p>	<p>N/A</p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
gained from consulting engagements into evaluation of the organisation's control processes.		
<p><u>2200. Engagement Planning</u></p> <p>Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations.</p> <p>The criteria in the PSIAS regarding Engagement Planning have been here abridged, for the sake of brevity.</p> <p><u>2201. Planning Considerations</u> - In planning the engagement, internal auditors must consider:</p> <ul style="list-style-type: none"> • The objectives of the activity being reviewed and the means by which the activity controls its performance; • The significant risks to the activity, its objectives, resources and operations and the means by which the potential impact of risk is kept to an acceptable level; • The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model; and • The opportunities for making significant improvements to the activity's governance, risk management and control processes. <p><u>2210. Engagement Objectives</u> - Objectives must be established for each engagement.</p> <p>Public sector interpretation In the public sector, criteria are likely to include value for money.</p> <p><u>2220. Engagement Scope</u> - The established scope must be sufficient to satisfy the objectives of the engagement.</p>	<p>The LGSS Internal Audit Manual includes a detailed section on our procedures for engagement planning (section 9). This document is issued to new staff when they join LGSS Internal Audit, and is available in electronic form to all staff.</p> <p>Prior to each engagement, a Terms of Reference is created, which sets out the engagement's objectives, relevant key risks and controls, and the scope of the audit. Terms of Reference are created according to a standard template and are reviewed by management before they are issued, to ensure appropriate engagement planning has taken place and that the established scope is sufficient to satisfy the objectives of the engagement.</p> <p>Each engagement is also given a time budget and resource allocation. If issues are identified during the course of an audit which means that additional testing (and therefore additional resource) is required in order to achieve the engagement objectives, this is agreed with management.</p> <p>A Work Programme is also developed for each engagement, again according to a set template, and an audit file is maintained. Both the work programme and the file are reviewed by the Audit Manager to ensure that the audit has achieved the engagement objectives.</p>	N/A

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><u>2230. Engagement Resource Allocation</u> - Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints and available resources.</p> <p><u>2240. Engagement Work Programme</u> - Internal auditors must develop and document work programmes that achieve the engagement objectives.</p>		
<p><u>2300. Performing the Engagement</u></p> <p>Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.</p> <p>The criteria in the PSIAS regarding Performing the Engagement have been here abridged, for the sake of brevity.</p> <p><u>2310. Identifying Information</u> - Internal auditors must identify sufficient, reliable, relevant and useful information to achieve the engagement's objectives.</p> <p><u>2320. Analysis and Evaluation</u> - Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.</p> <p><u>2330. Documenting Information</u> - Internal auditors must document relevant information to support the conclusions and engagement results.</p> <p><u>2340. Engagement Supervision</u> - Engagements must be properly supervised to ensure objectives are achieved, quality is assured and staff is developed.</p>	<p>The LGSS Internal Audit Manual includes a detailed section on our procedures for performing engagements (section 9). This document is issued to new staff when they join LGSS Internal Audit, and is available in electronic form to all staff.</p> <p>All work undertaken on audit engagements is documented in a work programme. Appropriate supporting evidence is collected and held in an audit file. Before a draft report is issued for any audit review, the audit file, work programme and draft are reviewed in detail by the Audit Manager or Head of Internal Audit, to verify that sufficient reliable information has been obtained to achieve the engagement's objectives; that conclusions and engagement results are based on appropriate analyses and evaluations; and that there is clear evidence to support conclusions and engagement results. The results of this review are then fed back to the auditor and any necessary amendments are made before re-submitting the work.</p> <p>All engagements are subject to oversight and supervision. Trainees are supervised closely by professionally qualified staff. Other staff have regular supervisions and oversight of their work, alongside the process of quality review detailed above.</p>	<p>N/A</p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><u>2400. Communicating Results</u></p> <p>Internal auditors must communicate the results of engagements.</p> <p>The criteria in the PSIAS regarding Performing the Engagement have been here abridged, for the sake of brevity.</p> <p><u>2410. Criteria for Communicating</u> - Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations and action plans.</p> <p><u>2420. Quality of Communications</u> - Communications must be accurate, objective, clear, concise, constructive, complete and timely.</p> <p><u>2421. Errors and Omissions</u> - If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.</p> <p><u>2430. Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"</u> - Internal auditors may report that their engagements are "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing", only if the results of the quality assurance and improvement programme support the statement.</p> <p><u>2431. Engagement Disclosure of Nonconformance</u> - When nonconformance with the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> or the <i>Standards</i> impacts a specific engagement, communication of the results must disclose the:</p> <ul style="list-style-type: none"> • Principle or rule of conduct of the <i>Code of Ethics</i> 	<p>The LGSS Internal Audit Manual includes a detailed section on our procedures for communicating the results of engagements (section 10). This document is issued to new staff when they join LGSS Internal Audit, and is available in electronic form to all staff.</p> <p><u>2410. & 2420.</u> Audit reports are produced according to this guidance, and using the LGSS Internal Audit Report template. This template ensures that the agreed objectives and scope of the audit, set out in the Terms of Reference, is included in the final report, together with the conclusions and recommendations of the audit, and an action plan to address any control weaknesses identified. Actions are prioritised according to risk.</p> <p>Post-audit discussions are held by the assigned audit staff with the relevant auditees and action plans in response to the recommendations made are agreed.</p> <p>Audit reports give a conclusion on the assurance that can be given over the control environment; compliance with controls; and an opinion on the potential organisational impact if the control weaknesses identified in the audit go unaddressed.</p> <p>Audit reports give an overall opinion on risks and controls, based on the audit work undertaken and using approved methodology. All reports are reviewed by the Audit & Risk Manager and/or Head of Internal Audit before they are issued, to assure quality.</p> <p><u>2421 & 2440</u> Draft audit reports are issued to the relevant managers with time for them to respond to the report and address any concerns or inaccuracies before the report is finalised. Final reports are shared with the relevant Director. The overall assurance levels of all final reports are shared with the Audit & Accounts Committee on a quarterly basis, together with a summary of the findings and agreed actions for reports with moderate or lower assurance. All final reports are also available to members of the Audit & Accounts Committee.</p>	<p>N/A</p>

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p>or Standard(s) with which full conformance was not achieved;</p> <ul style="list-style-type: none"> • Reason(s) for nonconformance; and • Impact of nonconformance on the engagement and the communicated engagement results. <p>2440. Disseminating Results - The chief audit executive must communicate results to the appropriate parties.</p> <p>2450. Overall Opinions - When an overall opinion is issued, it must take into account the expectations of senior management, the board and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.</p> <p>Public sector requirement The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.</p> <p>The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p> <p>The annual report must incorporate:</p> <ul style="list-style-type: none"> • the opinion; • a summary of the work that supports the opinion; and • a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme. 	<p>The processes of review of reports by the Audit Manager and/or Head of Internal Audit, and of discussing findings with auditees and issuing draft reports with time for auditees to comment, ensures that final communications do not contain significant errors or omissions. If one were identified, a correction would be sent to all parties who received the original communication.</p> <p>2450. The Head of Internal Audit delivers an annual internal audit report and opinion. For 2015 – 16, this report will be taken to the June 2016 meeting of the Audit & Accounts Committee; the previous report for 2014 – 15 went to the June 2015 meeting of the Committee. The annual report incorporates all the elements required by PSIAS, including the opinion, a summary of the work that supports the opinion, and the results of the quality and improvement programme. The report also highlights significant issues and key themes or trends arising from audit work during the year. This report is used to inform the Annual Governance Statement.</p> <p>Interim progress reports are also submitted to the Audit and Accounts Committee at least quarterly throughout the year. The status of the implementation of agreed recommendations/actions is submitted to the Audit and Accounts Committee.</p>	

PSIAS Requirements	Evidence of Achievement	Action Plan for Development
<p><u>2500. Monitoring Progress</u></p> <p>The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.</p> <p><u>2500.A1</u> The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.</p> <p><u>2500.C1</u> The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.</p>	<p>A clear follow-up process is in place, whereby management actions that are considered to be 'significant' or 'fundamental' to the organisation are individually followed up by Internal Audit to confirm their implementation. The agreed actions from all final audit reports are recorded on the APACE audit management software used by the team, which is then used to track progress and identify actions due for implementation. Progress in implementing these actions is reported to the Audit & Accounts Committee on a quarterly basis, together with information on any areas where implementation has not taken place by the agreed date. Where this is the case, the relevant officer(s) may be requested to attend the Audit & Accounts Committee to provide an explanation of why actions have not been implemented. If major concerns are identified during an audit, a follow-up audit review may be scheduled to confirm implementation of agreed actions.</p> <p>This process does not apply to schools audits; instead, if significant concerns are identified in relation to a schools audit which has taken place, a follow-up audit is scheduled to confirm that agreed improvements have been made.</p> <p>Arrangements for monitoring of the results of any consulting engagements would be agreed with the client on a case-by-case basis.</p>	<p>LGSS Internal Audit is considering the implementation of a new audit management IT system, Galileo, in 2016 - 17. As part of the implementation of this new software, a clear plan will be developed to ensure that all outstanding actions currently recorded on the existing APACE system will be transferred to the Galileo system.</p>
<p><u>2600. Communicating the Acceptance of Risks</u></p> <p>When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.</p>	<p>Where risks identified in audit reviews are accepted by management, this is recognised in the audit report issued. If it is felt that management has accepted a level of risk that may be unacceptable to the organisation, this would be firstly discussed with Directors, and then if the matter was not resolved, would be brought to the attention of the Audit & Accounts Committee at the next meeting.</p>	<p>N/A</p>

