

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: Internal Audit Service: Annual Report
Meeting/Date: Corporate Governance Panel – 14 May 2014
Executive Portfolio: Resources: Councillor J A Gray
Report by: Internal Audit & Risk Manager
Ward(s) affected: All Wards

Executive Summary

As required by the Public Sector Internal Audit Standards (PSIAS) the Internal Audit & Risk Manager has to provide an annual report and opinion to the Panel.

This report details the work undertaken by Internal Audit during the period 1 April 2013 to 31 March 2014 to support the following opinion statement.

Audit Opinion

Based upon work undertaken and statements from external assurance providers, it is my opinion that the Council's internal control environment and systems of internal control as at 31 March 2014 provide limited assurance over key business processes and adequate assurance over financial systems.

David Harwood

Internal Audit & Risk Manager

April 2014

Definitions of the assurance opinions are provided at Appendix 3. A report that explained the terminology and definitions associated with internal audit opinions and reports was considered by Panel in January 2014.

The limited assurance opinion is unchanged from that previously issued. (No separate opinion was provided in respect of financial systems).

Whilst progress has been made in a number of areas that were previously of concern (primarily compliance with the Code of Procurement and improving controls within One Leisure 'Pure') I am concerned that little progress has been made in other areas (project management and establishment control).

Furthermore, 10 of the 30 audits (33%) listed within the table at para 3.6 of the main report, have been given assurance ratings of limited or little. This is

similar to the figure reported in 2013 (36%).

In addition, despite concerns expressed by this Panel previously, there has been little noticeable improvement in the percentage of agreed audit actions introduced. This means that control weaknesses and risks that have been identified, remain in place.

The financial system controls are in place and overall, are working effectively.

The opinions that have been given have been based upon the

- work carried out by Internal Audit during the year; and the
- assurances made available by external assessors and similar providers.

The report also provides information on:

- the delivery of the annual audit plan;
- audit reports issued and issues of concern;
- implementation of agreed actions; and
- internal audit's performance.

The Internal Audit & Risk Manager continues to report functionally to the Corporate Governance Panel and maintains organisational independence. He has had no constraints placed upon him in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

Chief Officers' Management Team comments

Having considered the report and the issues that have been raised, COMT are aware that improvements to internal control need to be made in those areas highlighted in the report. They have already started to review audit reports with limited or little assurance opinions and intend to address the low level of audit actions being introduced on time, by calling to account service managers who are not achieving the target set.

Financial & Legal implications

There are no financial or legal implications arising from this report

Recommendation:

It is recommended that the Panel note the report and take into account the Internal Audit & Risk Manager's opinion when considering the Annual Governance Statement for 2013/14.

1. Background Information

- 1.1 This is the annual report of the Internal Audit & Risk Manager as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2013 to 31 March 2014.
- 1.2 The report includes the Internal Audit & Risk Manager's annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes.

The opinion is based upon

- the work carried out by Internal Audit during the year; and
- the assurances made available by external assessors and similar providers.

- 1.3 The report also provides information on:
- the delivery of the annual audit plan;
 - audit reports issued and issues of concern;
 - implementation of agreed actions; and
 - Internal Audit's performance.

2. OVERALL OPINION

Audit Opinion

Based upon work undertaken and statements from external assurance providers, it is my opinion that the Council's internal control environment and systems of internal control as at 31 March 2014 provide limited assurance over key business processes and adequate assurance over financial systems.

David Harwood
Internal Audit & Risk Manager

April 2014

- 2.1 The audit opinion has been given as at 31 March 2014 to reflect the current state of the internal control environment and systems of internal control across the Council and provide the Panel with an opinion for inclusion in the annual governance statement (AGS). If significant changes occur to the internal control environment prior to the Panel approving the AGS statement in September, the Panel will be informed.
- 2.2 In preparing the internal audit plan for 2013/14, Managers were asked if they were aware of any planned reviews by external organisations from which assurance could be obtained on the operation of the internal control environment and systems of internal control. With the exception of the statutory external audit of accounts/grant certification, no external assurances were identified for 2013/14. However, two further assurances have been identified and are detailed in Appendix 1. No serious control weaknesses have been identified in those reports.

3. DELIVERY OF AUDIT PLAN

General audit

- 3.1 The Internal Audit Plan, prepared in accordance with the PSIAS, was approved by the Chief Officers' Management Team (COMT) and the Panel in March 2013 in respect of the year ending March 2014. The approved plan consisted of 34 reviews and 5 continuous audit areas. Details of all the audits that have been issued in the reporting period are listed at paragraph 3.6.
- 3.2 As at the 31 March, 22 reviews have been completed. Fieldwork has been completed in respect of a further seven audits, although draft reports have not been issued. Five audits have been removed from the plan. A substantial amount of unplanned time was spent during the year on dealing with the One Leisure St Ives redevelopment. To account for this, three audits were removed from the plan - LGSS contract management, the delivery of the leadership objectives and performance management. The other audits not undertaken were in respect of email monitoring and internal and external communications.
- 3.3 The external auditor, as part of their audit of the 2012/13 accounts, undertook a strategic review of the LGSS contract. The delivery of the leadership objectives, including the related performance management systems are to be reviewed during 2014/15.
- 3.4 Of the two remaining audits not undertaken, email monitoring has been included in the 2014/15 plan. This audit was delayed due to the upgrading of the email software. The review of internal & external communications has not been included in the 2014/15 plan due to the senior management restructure and the potential for changes to be made in this service area. The time allocated to these two areas has been used to develop a summary record of contractors, tender prices and expenditure. This information will be used to inform future contract audit reviews.

IT audit coverage

- 3.5 Due to the specialist nature of IT audit, it is delivered under contract by Mazars LLP (formerly Deloitte & Touche Public Sector Internal Audit). The IT audit plan was agreed by the Panel in December 2012 for the 15 month period ending March 2014. All 10 of the planned areas have been reviewed and reports issued for 9 of the audits. The fieldwork of the remaining audit has been concluded and is currently going through the Mazars internal review process.

One of the reviews (application review of Community Infrastructure Levy) did not progress further than the draft reporting stage due to a management decision to procure alternative software.

Internal Audit Reports issued

3.6 The audit reports issued (draft/final or closed) during the period 1 April 2013 to 31 March 2014, the assurance opinion and number of agreed (or proposed) actions are listed in the table below. All the reports can be accessed via the Internal Audit intranet pages.

There were no suggested actions proposed by internal audit during the draft or final reporting stages that were rejected by management.

Audit area	Level of assurance				Agreed action status	
	Substantial	Adequate	Limited	Little	Red	Amber
Major incident planning	✓✓				--	--
Legal debt collection & recovery	✓✓				--	--
Provision of legal advice	✓✓				--	--
Cash income & receipting	✓✓				--	1
Value Added Tax	✓✓				--	2
Staff travel & subsistence	✓✓				--	4
Call Centre: Amundsen House		✓			--	1
Street cleaning / Grounds maintenance		✓			--	1
Payroll/HR systems		✓			--	2
New Homes Bonus Grant		✓			--	3
Electronic Document Management		✓			--	4
Repairs & Maintenance of Property *		✓			--	4
Climate change		✓			--	7
One Leisure Condition Survey		✓			1	2
Pay review/job evaluation		✓			2	2
Consultants & employment status			x		--	2
Income generation & grant income			x		--	4
Commercial Rents & Estate Management *			x		--	8
Contract tender documentation			x		1	4
Internet use monitoring			x		1	5
One Leisure - Café Zest			x		3	5
Information Management			x		4	4
Social Media				xx	7	3
Computer Audit						
Business Continuity/Disaster Recovery *		✓			--	3
Corporate Program & Project Management *		✓			--	4
Application upgrades & patching		✓			--	5
Application review: Gladstone MRM		✓			--	6
Software licensing		✓			1	1
Virtualisation, Network Infrastructure & Backup*			x		--	13
e-payments *			x		1	1

* Draft report issued

3.7 In addition to the reports listed above, reviews have also been completed on the following three areas. No assurance opinions were given:

- Review of the sales bonus scheme in use within One Leisure.
- Review of the minor maintenance schedule of rates contract.
- Penetration testing of the IT network.

3.8 The continuous auditing of key controls within main financial systems has been introduced. Summary details are shown in the table below.

Audit area	Level of assurance				Agreed action status	
	Substantial	Adequate	Limited	Little	Red	Amber
Council Tax *		✓			--	--
Main Accounting System *			*		2	--
Accounts Payable (Creditors)		✓			--	--
Accounts Receivable (Debtors) *		✓			--	2
Non Domestic Rates *		✓			--	--

* Review for Qtr. ending March 2014 underway but not yet completed.

3.9 Internal audit have also undertaken significant work in a number of other areas:

- Mobile payments for One Leisure bookings
- Re-organisation of administrative duties/tasks within One Leisure
- Development of the social media policy, supporting guidance and advising the social media user group
- Review of car parking void ticket arrangements
- Drafting new procedures to deal with the appointment of consultants
- Introducing control procedures for requesting access to employees email and internet use
- Responding to whistleblowing allegations and reviewing the approved policy.
- One Leisure St Ives redevelopment
- Consideration of the national fraud initiative data received in February 2013
- Leading the annual governance review and preparation of the annual governance statement
- Review of the effectiveness of the Overview & Scrutiny Panels
- Development of the employee handbook
- Two employee investigations
- Attending 25 quotation openings.

3.10 Guidance has also been provided on an ad-hoc basis on a wide variety of control issues.

4. ISSUES OF CONCERN CONTRIBUTING TO THE LIMITED ASSURANCE OPINION

Social Media

- 4.1 The Council's use of social media was found to be a largely uncontrolled development across services, e.g. the lack of a business case to support its introduction, oversight of its use, access controls, branding across the sites, training of users, and consideration as to the speed of responses to social media postings and out of hours support.
- 4.2 A social media policy has been written that will deal with the issues above. At the time of writing this report the policy had not been approved by COMT.

One Leisure – Pure and Café Zest

- 4.3 The reviews of the management of the 'Pure' spa and therapy facilities and Café Zest identified similar types of control failings. These included inconsistent operations across the Centres, the lack of formal business plans, strategies and targets. Little management review or monitoring is performed. Stock controls are weak and inconsistent. Pricing and discount arrangements are not sufficiently controlled.
- 4.4 All 13 audit actions agreed in respect of the 'Pure' facilities have been introduced and evidenced. Of the nine actions agreed following the Café Zest review, only three have been introduced. Follow-up reviews have not been conducted on these three actions so the effectiveness of the action that has been taken cannot be confirmed. The original assurance opinion was 'limited, and no change is envisaged'.

Post Implementation Reviews

- 4.5 There remains infrequent, formal challenge or consideration of the value for money aspects of completed projects. The prime emphasis continues to be on project budget approval with less concern on demonstrating improved service outcomes. This issue was also raised with the Overview & Scrutiny Panel (Economic Well-Being) (*O&S Panel*) on the 3 April 2014, during their consideration of the internal audit report on electronic document management.
- 4.6 The O&S Panel noted that a Corporate Programme and Project Management Board has been established to promote project management disciplines and governance. They supported the intention to strengthen the Council's approach to project management; including the way business cases for schemes were developed, managed and reviewed following implementation. They suggested that they should receive follow-up reviews once projects had been completed.
- 4.7 At the present time, the lack of formal programme management guidance/tool-kit, means that the internal audit actions agreed have not been introduced. The original assurance opinion of 'limited' remains unchanged.

Code of Procurement

- 4.8 Officer compliance with the Code of Procurement has improved. The inclusion of this issue in the AGS for 2012/13 raised its profile. As the report on the agenda that deals with progress with issues arising from the AGS outlines, good progress has been made. Whilst I am not in a position to say that full compliance with the Code is always achieved, the frequency of non-compliance appears to be diminishing.

Establishment Control

- 4.9 Ensuring the accuracy of the payroll to reduce the opportunity for fraud is a key control. The internal audit review of variable hours and fixed term contract employees conducted in 2011 found that there were no reports issued to managers to allow them to verify their establishment. The control introduced to manage this risk – six monthly reports from HR to Heads of Service – has not been successfully introduced.
- 4.10 At the Panel meeting in January 2014, the Accountancy Manager agreed that his staff would follow-up the return of the establishment reports with managers during the monthly budget monitoring process. The first review was undertaken during the February budget monitoring period in respect of the six month return for 31 January 2014. At the time of writing this report, one return is outstanding.

5 LOW GRADED AUDITS FROM PREVIOUS YEARS

- 5.1 Audit reviews that have had either an assurance opinion of 'limited' or 'little' in previous years are listed in the table below together with a summary of the progress made towards implementing the agreed actions.

The right hand column of the table shows a revised assurance opinion, based upon the action that has been taken by the manager and evidence from the follow-up work that has been completed. The revised opinion is only a guide to the potential improvement that would be expected, if the audit was repeated and all other system controls remained effective.

Original level assurance	Agreed Action Status		Audit area and follow-up findings	'Potential' level of assurance
	Red	Amber		
2012-13				
Limited	2	3	Robustness of budget savings The actions have been introduced.	Adequate

Original level assurance	Agreed Action Status		Audit area and follow-up findings	'Potential' level of assurance
	Red	Amber		
Limited	2	0	Post-implementation reviews Whilst one action has been introduced (ongoing comparison of actual spend against budget), the delay to the introduction of formal project management guidance means that the assurance level remains unchanged.	Limited
Limited	1	4	Contract management 2 of the 5 actions have been introduced. The remaining actions all require changes to be made to the electronic contract register. IMD are responsible for these changes. The requests to make the changes have been submitted, but have a lower priority than other work requests.	Limited
Limited	0	4	E-marketplace The actions have been introduced.	Adequate
Limited	0	3	Mobile & office telephone use The actions have been introduced.	Adequate

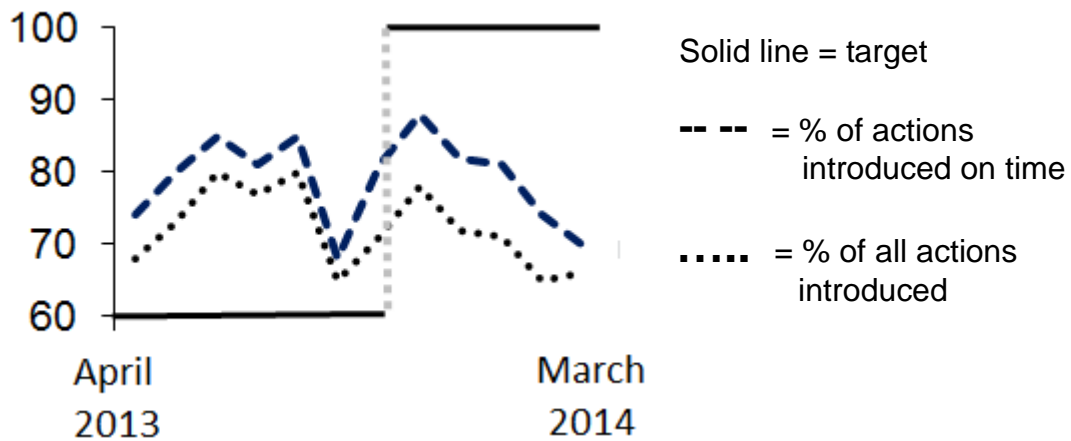
Assurance definitions are included in Appendix 3.

6. IMPLEMENTATION OF AGREED ACTIONS

6.1 In September 2013 COMT set a target of 100% of agreed actions to be implemented on time, based on a rolling 12 month timeframe. Performance is reported to COMT each month.

For the year ending March 2014, 66% of agreed actions were introduced on time.

6.2 The chart below shows performance for the year ending March 2014, whilst the table details the split of actions by category type.



Status of Action	Introduced on time	Introduced Late	Not introduced	TOTAL
Red Action	11	1	4	16
Amber Action	53	5	23	81
Total	64	6	27	97
% age	66%	6%	28%	

6.3 A sample of actions that Managers report as being completed have been checked throughout the year to see that the action introduced sufficiently deals with the risk that has been identified. The table below summarises the work done during the year ending 31 March 2014.

		Red	Amber	Total
Follow up status	Accepted and closed	1	10	11
	Disputed, partially met	2	1	3

6.4 If during the review of actions introduced it is found that the action taken by a manager does not fully deliver against the agreed action, the matter is discussed with the manager and if necessary, changes to the database are made to reflect the actual position. There are three disputed actions that fall into this category.

7. INTERNAL AUDIT PERFORMANCE

7.1 The PSIAS require either an internal or external review of the internal audit service to be conducted annually. An external peer review of the Internal Audit Service against the PSIAS was commissioned from Mr Richard Gaughran in February 2014. Mr Gaughran is the Head of the Welland Internal Audit consortium. At the time of drafting this report,

the final report from Mr Gaughran has not been received. It is included elsewhere on the agenda.

- 7.2 It is a requirement of the PSIAS that a statement is made within this report as to the whether or not internal audit conform to the Standards. Such a statement cannot be made at this time and an update will be provided at the meeting.
- 7.3 A self-assessment review was undertaken by the Internal Audit & Risk Manager against the PSIAS in 2013 and reported to the Panel in July 2013. An action plan was prepared in respect of those areas were non-conformance against the PSIAS was identified. An updated action plan is attached at Appendix 4.
- 7.4 Information in respect of internal audit's performance regarding the conduct of audits is included at Appendix 2.

Appendices

- 1. External Assurance Received
- 2. Internal Audit Performance
- 3. Definitions used in the Report
- 4. Public Sector Internal Audit Standards
Non-conformance and Areas for Improvement: May 2013 review

Background Information

Internal Audit Reports

Internal Audit Performance Management Information

Contact Officer:

David Harwood, Internal Audit & Risk Manager

☎ 01480 388115

External Assurance Received

Date	Report from	Area covered	Assessment
December 2013	Interception of Communications Commissioner's Office	Compliance with the requirements of the Regulation of Investigatory Powers Act 2000.	The Council has achieved a satisfactory level of compliance with the Act and Code of Practice.
December 2013 February 2014	External Auditor (PricewaterhouseCoopers)	Final Accounts 2012/13 Grant Certification Report 2012/13	Unqualified accounts. 2 grants certified: Housing and Council Tax Benefits Scheme - qualified. National Non Domestic Rates - not qualified.
February 2014	EMQC (on behalf of the Dept for Business Innovation & Skills)	Customer Service Excellence – Customer Service and Call Centre.	Fully meets the requirements to allow maintenance of the Customer Service Excellence Standard Certification.

Internal Audit Performance

Customer Satisfaction

Target: 85% or more of customers rating service quality as good or better.
 Achieved: 12 months to March 2014 – 100% (from 22 responses).

At the conclusion of all audits, managers are requested to complete an end of audit survey form and give an opinion on the value of the audit. The options available are – very good, good, acceptable, requires improvements or unacceptable. Target information is calculated on a rolling twelve month basis rather than by financial year.

The Executive Director (Resources) did not conduct his annual customer satisfaction survey with senior managers prior to his retirement. The survey data was valued and the Head of Resources will be requested to undertake a similar survey in future years.

Service delivery targets

Target: The service delivery targets are achieved.

There are four elements to this target which all relate to the progress of individual audits and the reporting process.

Since all three auditors have become part-time it has become clear that they do not have the same degree of flexibility to manage meeting dates as they did when working full-time. It is the intention to keep the same targets. They are challenging but should be seen as aspirational. Keeping them does provide a target and benchmark of trends.

		Achieved	Notes
	Target	@ March 2014	
a) Complete audit fieldwork by the date stated on the audit brief	75%	63%	The average delay is 7 days. (min 4 – max 16 days)
b) Issue draft audit reports within 15 working days of completing fieldwork	90%	62%	The average delay is 10 days. (min 3 – max 19 days)
c) Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report	75%	79%	
d) Issue final audit report within 5 working days of receiving full response	90%	83%	The average delay is 6 days. (min 4 – max 9 days)

Internal Audit Performance

Service Developments

The following service developments have taken place:

- The Business rates system has been introduced into the continuous audit process.
- The audit strategy and terms of reference (audit charter) has been revised to take account of the PSIAS.
- An external peer review of the service against the PSIAS has been conducted.

A number of developments are expected during the next year. These include:

- Trialling commercial software to enhance the continuous audit approach.
- Reviewing the wider role of the Internal Audit Manager across the Council against the Cipfa publication “The role of the head of internal audit in public sector service organisations”.

Definitions used in the Report

Assurance definitions: for information

Substantial Assurance	✓✓	<p><i>There are no weaknesses in the level of internal control for managing the material inherent risks within the system. Testing shows that controls are being applied consistently and system objectives are being achieved efficiently, effectively and economically apart from any excessive controls which are identified in the report.</i></p>
Adequate Assurance	✓	<p><i>There are minor weaknesses in the level of control for managing the material inherent risks within the system. Some control failings have been identified from the systems evaluation and testing which need to be corrected. The control failings do not put at risk achievement of the system's objectives.</i></p>
Limited Assurance	✗	<p><i>There are weaknesses in the level of internal control for managing the material inherent risks within the system. Too many control failings have been identified from the systems evaluation and testing. These failings show that the system is clearly at risk of not being able to meet its objectives and significant improvements are required to improve the adequacy and effectiveness of control.</i></p>
Little Assurance	✗✗	<p><i>There are major, fundamental weaknesses in the level of control for managing the material inherent risks within the system. The weaknesses identified from the systems evaluation and testing are such that the system is open to substantial and significant error or abuse and is not capable of meeting its objectives.</i></p>

Internal control environment:

The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organisation's objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way in which its

Definitions used in the Report

functions are exercised, having regard to a combination of economy, efficiency and effectiveness

- the financial management of the organisation and the reporting of financial management
- the performance management of the organisation and the reporting of performance management

System of internal control

A term to describe the totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

**Public Sector Internal Audit Standards
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
Attribute Standard 1000: Purpose, Authority and Responsibility					
1110	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the Internal Audit Manager?	This is a new requirement and will be included in the 2014 appraisal process	May 2014	Action not yet due.	---
1110	Is feedback sought from the chair of the Corporate Governance Panel for the Internal Audit Manager's performance appraisal?	This is a new requirement and will be included in the 2014 appraisal process.	May 2014	Action not yet due.	---
1120	Do internal auditors avoid any conflict of interest, whether apparent or actual?	One internal auditor is a Staff Side representative; this is managed by the Internal Audit Manager not allocating to them audits that fall within 'HR' areas. Disclosure of this impairment to objectivity was reported to CGP In March 2013.	---	The internal auditor resigned from the Staff Council in April 2014.	---
1130	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	With the introduction of 'continuous auditing' in Sept 2012, auditors are currently each allocated a number of key financial areas to review.	September 2013	The Internal Audit & Risk Manager decided to maintain current responsibilities until the 31 March 2014 review	April 2014

**Public Sector Internal Audit Standards
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
		Once the continuous auditing approach has become established, these audits will be rotated across the internal audit team.		had been completed. The 2014/15 audit plan shows changed responsibilities.	
1130	Have internal auditors complied with the Bribery Act 2010?	Whilst there is no evidence to suggest non-compliance, the whole issue of objectivity, impairment, conflicts etc. will be specifically addressed through training provided by the Internal Audit Manager.	August 2013	Auditors completed e-training on fraud, including the Bribery Act.	December 2013
Attribute Standard 1300: Quality Assurance & Improvement Programme					
1300	Has the Internal Audit Manager developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	The QAIP is a new requirement and needs to be fully understood and introduced. A QAIP Practice Guide has been issued by the Institute of Internal Auditors. A review against the Guide will be undertaken prior to the 2014 effectiveness review of internal audit.	April 2014	After considering the QAIP Practice Guide, significant elements of the QAIP process were considered already to be in place. It is expected that any shortcomings within the QAIP will be identified from the peer review process.	---
1311	Does the periodic assessment include a review of the activity	The Internal Audit Manager has not completed a review	July 2013	The 2013/14 annual report details the	April 2014

**Public Sector Internal Audit Standards
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
	against the risk-based plan and the achievement of its aims and objectives?	against the risk based plan or aims and objectives. This is primarily due to timing differences between the effectiveness review and the preparation of the internal audit annual report, and not appreciating the requirements of the PSIAS. Future reviews will run simultaneously.		progress against the internal audit plan. Audit reviews that were considered of high importance and were not undertaken during 2013/14 have been included in the 2014/15 draft audit plan.	
1321	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	The first external assessment is due to be carried out during 2013/14 by the Internal Audit Manager of the Welland Consortium.	April 2014	A review was carried out in January 2014 and is due to be reported to the Panel in May 2014.	May 2014
1321	Has the Internal Audit Manager discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the Corporate Governance Panel?	The proposed form and scope of the external assessment has yet to be discussed with CGP. This will be addressed before the external assessment commences.	December 2013	The peer review process was discussed with the Panel in September 2013. An email was sent to the Chairman & Vice-Chairman of the Panel in October 2013 giving further details of the process to be followed.	September 2013
Attribute Standard 2000: Managing the Internal Audit Activity					
2000	Do individual internal auditors, who	Whilst the audit review sheet	August	Statement introduced	September

**Public Sector Internal Audit Standards
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
	are part of the internal audit activity, demonstrate conformance with <i>the Code of Ethics</i> and the <i>Standards</i> ?	requires internal auditors to confirm they have no conflicts of interest in respect of the review they are to perform, the PSIAS requirements are wider. Annual statement to be introduced regarding acceptance of the Code of Ethics. Additionally the Internal Audit Manager intends to undertake training with the internal auditors to explain the main changes brought about by the PSIAS.	2013	regarding auditor's acceptance of the PSIAS Code of Ethics. Not yet undertaken. A revised date of July 2014 has been set.	2013
2010	Does the Internal Audit Manager identify and consider the expectations of senior management, the Corporate Governance Panel and other stakeholders for internal audit opinions and other conclusions?	Descriptions of assurance opinions are included in the annual report. Internal Audit Manager considers it would be beneficial to refresh and discuss opinions, so that any changes can be included in the 2013/14 annual report/opinion.	July 2013	Report discussed by Panel in January 2014	January 2014
2040	Has the Internal Audit Manager	The audit manual outlines the	On-going	The audit manual has	On-going

**Public Sector Internal Audit Standards
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
	<p>established policies and procedures to guide staff in performing their duties in a manner that conforms to the PSIAS?</p> <p>Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?</p>	<p>procedures to be followed. It needs to be updated to reflect the changes brought about by the PSIAS.</p>	<p>August 2103</p>	<p>been reviewed by the internal audit staff and draft amendments proposed and introduced. The peer review suggested alternative structures to the audit manual which will be considered.</p>	
2050	<p>Has the Internal Audit Manager carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?</p>	<p>Sources of assurance other than from internal audit have been included in the internal audit annual report. CGP agreed to undertake assurance mapping to assist with the annual governance process. It is anticipated that this will commence prior to July 2013 CGP and be able to use in the annual planning process for 2014/15.</p>	<p>March 2014</p>	<p>Developing the assurance mapping process has been delayed. Primarily due to the Internal Audit & Risk Manager waiting to see how the Governance Board & Groups develop. Time has been allocated in the draft 2014/15 audit plan. A revised date of 31 July 2014 has been set.</p>	---
Attribute Standard 2400: Communicating Results					
2450	<p>Does the Internal Audit Managers annual report include:</p>	<p>The effectiveness review was completed (May 2013) before</p>	<p>July 2013</p>	<p>The statement on conformance was</p>	<p>July 2013</p>

**Public Sector Internal Audit Standards
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
	<ul style="list-style-type: none"> • a statement on conformance with the PSIAS? • the results of the QAIP? 	the annual report was prepared. The annual report (anticipated to be presented to CGP in July 2013) will cover both items.		included in the annual report discussed by Panel in July 2013. The report also included a statement explaining that a QAIP had not been developed. (Note comment against PSIAS 1300).	