

Self-assessment against the Public Sector Internal Audit Standards (PSIAS)

Compliance against PSIAS standards is set out in a detailed assessment which is reviewed every 5 years through external inspection. The last inspection was completed in Feb 2022. An updated assessment against the CIPFA checklist has been completed and a summary is provided below to support the bi-annual review of Internal Audit.

Area	Conformance			Evidence / Comments
	Conforms	Partial	Not Conforming	
1. Mission of Internal Audit				
Does the internal audit activity aspire to accomplish the Mission of Internal Audit as set out in the PSIAS?	X			The Internal Audit Charter defines our mission as set by the PSIAS. The service further aims to accomplish this applying a risk based approach to assurance audits and providing advice and insight through our consultancy work and general advice and support on best practice and development work.
2. Definition of Internal Auditing				
Is the internal audit activity independent and objective? Does it use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	X			The service operates independently and objectively, which is referenced in the Audit Charter and also the audit practice notes. The Audit Service does not undertake operational duties / non audit duties. A systematic and disciplined approach is guided through training, practice and guidance.
3. Core Principles				
The Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively.	X			There is a Code of ethics in place as well as the Council's Code of Conduct. Conflicts of interest are documented. Any issues with independence or restrictions are included in the Annual report. The Audit plan is aligned with strategies, objectives and risks of the Council. The Team has direct access to all staff within the Council. Whilst there have been issues with vacancies, adequate resources are in place using contractors as an interim measure. Progress reports and an Annual report are presented to management and Members. Quarterly update reports are provided for Departmental management team meetings.

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				A risk based approach is used and risk assessments completed. Participation in various groups, review of professional updates, regular liaison with management and revisions to the Audit Plan and processes all support a proactive and future focussed approach.
4. Code of Ethics				
Internal auditors in UK public sector organisations must conform to the Code of Ethics. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.	X			The service has a code of ethics which is shared with all auditors and they are required to comply with it. Code of conduct requires disclosure of interests, gifts, hospitality, foreign travel and secondary employment. Our quality assurance process reviews work undertaken by individuals with assignment feedback - monthly 1-2-1's. These line management and support mechanisms provide the opportunity for staff to raise any concerns and issues – which feed into team briefings / updates. Our audit practice notes clearly states the requirements / expectations on – integrity – objectivity – confidentiality. Staff are trained on Data Protection and must comply with it. Access to the system is restricted. Only appropriately experienced, qualified and skilled staff are appointed ensuring competency.
5. Attribute Standards				
5.1 1000 Purpose, Authority and Responsibility				
The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.	X			The Charter outlines roles and remits of the Audit Committee and Management. The 'Board' is the Audit Committee – This role aligns with the definition of a 'Board' in the standards. Senior management is the Executive Directors (CMT) – plus Assistant Directors and Chief Officers. The Charter was approved by CMT and reviewed by the Audit Committee in 2022. Reviewed internally in 2023 – no changes made.

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5.2 1100 Independence and Objectivity				
The internal audit activity must be independent and internal auditors must be objective in performing their work.	X			<p>The Head of Internal Audit (HOIA) has unrestricted access to Senior Management and the Board. HOIA attends CMT with Limited Assurance reports, progress reports, annual plan, any revised plan, Combined assurance report, annual audit report and at any other time if required.</p> <p>Right of access clearly outlined within the charter together with our expectations of management. The HOIA has free access to Members, Chief Executive, Directors etc.</p> <p>The HOIA also has briefings with the Chair (and Vice Chair) of the Audit Committee prior to each Committee and if appropriate can ask for a private meeting with the whole Committee.</p> <p>Audit Plan and assignments are subject to assessment re objectivity.</p> <p>Auditors are carefully chosen for each assignment. Any conflicts identified / resolved.</p> <p>Our audit practice notes clearly states the requirements / expectations on – integrity – objectivity – confidentiality. They also emphasise the importance of objectivity, gathering evidence and forming evidence based opinions.</p> <p>Where there is a potential conflict with a particular audit auditors know that they should raise the matter immediately.</p> <p>Staff complete a 'declaration of interest' form annually.</p> <p>IA Charter sets out roles and remits</p> <p>Line management of the HOIA is the S151/Chief Finance Officer although the HOIA can and does report directly to CMT, Chief Executive or Directors as required.</p>
5.3 1200 Proficiency and Due Professional Care				
Engagements must be performed with proficiency and due professional care	X			<p>The Audit Manager (HOIA) is CIPFA qualified and has 30 years experience in audit. The HOIA appoints to posts each of which have a Job Description and Job Specification reflecting the requirements of the role.</p> <p>Commitment to developing the team through skill assessments and training plans ensuring CPD requirements achieved.</p> <p>Specialist/technical experience not held by the team is sought</p>

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				from Assurance Lincolnshire or externally. Due professional care expectations are clearly specified in Practice Notes.
5.4 1300 Quality Assurance and Improvement Programme				
The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.		X		A QAIP was produced and maintained and updated by the HOIA. This captures actions for improved practice to create efficiencies and enhance effectiveness. However this has not been maintained during the vacancies. (QAIP Action Plan 6) Additional quality assurance is also completed as part of the Quality Assurance Framework. However this has not been completed recently due to vacancies and Audit Manager being involved in all audits. (QAIP Action Plan 5) Internal assessments undertaken at least bi-annually and external assessments every 5 years with the last one being in February 2022. Targets are set and reported to the Audit Committee and CMT within the Progress reports and Annual Report.
6. Performance Standards				
6.1 2000 Managing the Internal Audit Activity				
The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation.	X			Internal Audit Strategy and annual plan sets out how the audit activity will be delivered, linked to the charter and organisational objectives and priorities. These are approved by CMT and the Audit Committee. The plan is assessed using a risk scoring methodology – as well as taking into account combined assurance scores, risk registers and strategic priorities etc. Consultation with Senior Managers and staff also takes place. Our professional networks also provide information on audit areas – comparing and benchmarking data. A full review of the plan is undertaken at the six month point to reflect changes in risk and priorities, although changes can be made outside of this where required. The team has a suite of guidance and practice notes which form an audit manual.

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6.2 2100 Nature of Work				
The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach.	X			As part of the Annual Report the HOIA provides an assessment on the council's governance, risk management, controls and financial control arrangements. Arrangements are in place for the audit of information technology. Risk, governance, internal control and fraud are considered within each audit and consultancy assignment.
6.3 2200 Engagement Planning				
Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations. The plan must consider the organisation's strategies, objectives and risks relevant to the engagement.	X			The audit process sets out the expectations for auditors in terms of engagement planning. A template is used to record the Terms of Reference (TOR) to be agreed with the client. The template includes objectives, risks, scope, timing and resource allocations. An indicative scope is set within the plan and this is used as the basis for the TOR. The TOR is produced following research undertaken looking at documents such as service plans, risk registers, performance reports, policies and procedures. Consultation with the client and senior management is also undertaken.
6.4 2300 Performing the Engagement				
Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.	X			This is defined in the Audit Process which auditors use to guide them. They also receive training on this. All evidence and working papers are retained in our Audit Working File system. The review process evaluates the results of the audit – this includes sufficiency, relevance and reliability of evidence, conclusions drawn. The reviewer will need to be able to draw the same conclusions from the work done. Principal Auditor/Audit Manager reviews draft reports.
6.5 2400 Communicating Results				
Internal auditors must communicate the results of engagements.	X			This is defined in the Audit Process applied to all audits. A standard Audit report template is used for reporting. Wherever possible findings are discussed to test out accuracy

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				<p>and possible causal factors during the fieldwork.</p> <p>The draft report is discussed at a closure meeting as part of the closedown process. This provides an opportunity for factual accuracy to be confirmed, seek comments and secure management improvement action before the final report is issued.</p> <p>We issue a draft report (for discussion) and then a final report. Summaries of the reports are provided within the Progress report for the Audit Committee and CMT. Where reports are Limited or Low assurance the whole report is shared with CMT and the full Executive summary and Management response with the Audit Committee.</p> <p>An Annual Report is produced and presented to CMT and the Audit Committee providing the level of assurance over governance, risk, internal control and financial control.</p>
6.6 2500 Monitoring Progress				
The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.	X			<p>Our software system enables us to track the implementation of recommendations. We undertake this every quarter to feed into the progress report.</p> <p>This information is provided to the Audit Committee - any High priority recommendations not implemented by the due date are drawn to the attention of the Audit Committee every 6 months. The Audit Committee may seek explanations from senior management as appropriate.</p> <p>We also (usually) schedule a follow up audit where our assurance opinion was low or limited.</p> <p>A spot check is carried out each quarter of a sample of implemented agreed actions to ensure that the control weakness has been addressed.</p>
6.7 2600 Communicating the Acceptance of Risks				
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.	X			<p>No instances experienced to date but if there were then they would be escalated as required and reported clearly in the Executive Summary of the report.</p>

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If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.				