

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	13 JULY 2017
TITLE	SELF-ASSESSMENT OF CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) AND THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME
PURPOSE OF THE REPORT	TO PRESENT THE INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME
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ACTION	TO APPROVE THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME AND COMMENT ON THE CONTENTS

1. INTRODUCTION

- 1.1 The Public Sector Internal Audit Standards requires the Audit Manager (the “chief audit executive” in the Standards’ terminology) to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.
- 1.2 A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity’s conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The Audit Manager should encourage the Audit and Governance Committee (“the board” in the Standards’ terminology) oversight in the quality assurance and improvement programme.
- 1.3 The quality assurance and improvement programme must include both internal and external assessments.
- 1.4 A checklist has been developed by the Relevant Internal Audit Standard Setters to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the Quality Assurance and Improvement Programme. It incorporates the requirements of the PSIAS as well as the Local Government Application Note in order to give comprehensive coverage to both documents.

2. INTERNAL ASSESSMENTS

- 2.1 The Quality Assurance and Improvement Programme was developed following an internal self-assessment.
- 2.2 The Standards states that internal assessments must include periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge on internal audit practices.
- 2.3 Ongoing monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools and information considered necessary to evaluate conformance with the Code of Ethics and the Standards.
- 2.4 Following the self-assessment, the results were discussed with the Senior Manager – Revenues and Risk and the actions to be included in the Quality Assurance and Improvement Programme in areas of partial or non-conformance with the Standards were agreed. The Quality and Improvement Programme is in Appendix A.

3. EXTERNAL ASSESSMENTS

- 3.1 In accordance with the Standards, 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:
 - The form of external assessments
 - The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.
- 3.2 The Welsh Chief Internal Auditor's Group have collaborated to adopt a peer review approach in respect of external assessments, whereby the self-assessment will be validated by an external assessor. This arrangement was approved by the Head of Finance and the Senior Manager – Revenues and Risk.
- 3.3 The external assessment of Gwynedd Council's Internal Audit Service will be carried out by the chief audit executive of Carmarthenshire County Council. The results of the external assessment will be presented to the Committee. The external assessment has been scheduled to be carried out in the autumn of 2017.
- 3.4 Gwynedd Council's Audit Manager will be undertaking the external assessment at Denbighshire County Council in the spring of 2018.

4. RECOMMENDATION

- 4.1 The Audit and Governance Committee is requested to comment on the contents of the report and approve the Internal Audit Quality Assurance and Improvement Programme.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

ACTION NO.	PSIAS STANDARD	CONFORMANCE WITH THE STANDARD	PROPOSED ACTION	RESPONSIBILITY	TIMESCALE
01	1110 – Organisational Independence	Is feedback sought from the chair of the audit committee for the CAE’s performance appraisal?	Gwynedd Council is in the process of developing a 360-degree appraisal system for managers – the Chair of the Audit and Governance Committee to be invited to provide feedback at the Audit Manager’s next appraisal.	Head of Finance and Senior Manager – Revenues and Risk	31/03/2018
02	1310 – Requirements of the Quality Assurance and Improvement Programme	Does the QAIP include both internal and external assessments?	An external assessment will be carried out by the CAE of Carmarthenshire County Council in accordance with the WCAG peer review arrangements.	Audit Manager	31/12/2017
03	1320 – Reporting on the Quality Assurance and Improvement Programme	Has the CAE reported the results of the external assessments to senior management and the board?	The result of the external assessment to be presented to the Audit and Governance Committee.	Audit Manager	08/02/2018
04	1320 – Reporting on the Quality Assurance and Improvement Programme	Has the results of ongoing monitoring of the quality and assurance programme and progress against the improvement plan been communicated at least annually?	Progress made against the quality assurance improvement programme to be included in the Head of Internal Audit Annual Report.	Audit Manager	10/05/2018

ACTION NO.	PSIAS STANDARD	CONFORMANCE WITH THE STANDARD	PROPOSED ACTION	RESPONSIBILITY	TIMESCALE
05	1320 – Reporting on the Quality Assurance and Improvement Programme	Do the results include the assessor's or assessment's team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS?	The external assessments evaluation will be reported in the Head of Internal Audit Annual Report.	Audit Manager	10/05/2018
06	1322 – Disclosure of Non-conformance	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	Any instances of non-conformance to be reported to the Audit and Governance Committee and any significant deviations to be included in the annual governance statement.	Audit Manager & Senior Manager – Revenues and Risk	As required
07	2450 – Overall Opinion	Does the annual report incorporate: a) A statement of conformance with the PSIAS? b) The result of the QAIP? c) Progress against any improvement plans resulting from the QAIP?	The Head of Internal Audit Annual Report to incorporate a statement of conformance with the PSIAS and progress against any improvement plan resulting from the QAIP.	Audit Manager	10/05/2018