

## Public Sector Internal Audit Standards – Quality Assurance and Improvement Programme

### Tendring District Council – Self Assessment – January 2020

PSIAS Ref (Checklist Ref)	Conformance with the Standard	Comment	Priority	Action Required / Responsible Officer / Date	Status
Core Principles					
Demonstrates Competence and Due Professional Care	Having regard to your review of conformance with the Code of Ethics (Competence, Confidentiality, Seven Principles of Public Life) and any other evidence from the review of conformance with Standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating competence and due professional care?	The Internal Audit Team has recently had two employees leave the organisation. We have recruited one new member of staff who is currently learning on the job and therefore will need further training and supervision from senior members of staff to ensure that they are fully competent and are able to provide the best possible professional care.	Medium	Continuous training and development of current employees within the team.  Craig Clawson  Ongoing	Partially compliant

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Is appropriately positioned and adequately resourced.	Does the QAIP include both internal and external assessments? Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being appropriately positioned and adequately resourced?	An external assessment was completed two years ago with all agreed actions being implemented. The self-assessment review against the PSIAS has identified some areas where further development may be required particularly relating to being adequately resourced. There have been a number of resourcing issues within the Internal Audit Team over the past year; However steps have now been taken to resolve the issues.	Medium	Continuous training and development of current employees within the team. Use of third party assurance when required.  Craig Clawson  Ongoing	Partially compliant
Provides Risk Based Assurance	Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by providing risk-based assurance, based on adequate risk assessments?	The Internal Audit Team undertakes audits based on the risk matrix set by Internal Audit and agreed by the Audit Committee. However, the risk matrices for Internal Audit and Risk Management are not fully aligned due to differences in operational and strategic risk assessments therefore there are some occasions where there may be a difference of opinion on risk assessments undertaken between departments and Internal Audit.	High	To work with the Risk Manager, Senior Management and the Audit Committee to get a better understanding of the Councils risk appetite and better align the risk matrices between Internal Audit and Risk Management  Craig Clawson  September 2020	Partially compliant

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Code of Ethics					
Competency	<p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display competence by:</p> <ul style="list-style-type: none"> <li>• Only carrying out services for which they have the necessary knowledge, skills and experience?</li> <li>• Performing services in accordance with the PSIAS?</li> <li>• Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?</li> </ul>	<p>The Internal Audit Team is made up of two experienced Senior Officers and one trainee Auditor therefore it is not always possible to ensure that all Audits are carried out by Officers with adequate skills, knowledge and experience. However, all audits will have been supervised by a senior officer and quality checked prior to completion. We try to ensure that all members of the team are given as much training as possible in the areas that it is felt most needed through our performance management process.</p>	Low	<p>Continuous training and development of current employees within the team.</p> <p>Craig Clawson</p> <p>Ongoing</p>	Partially compliant

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Attribute Standards					
Independence and Objectivity					
1130 Impairment of Independence or Objectivity	Is the risk of over-familiarity or complacency managed effectively: for example by rotating assignments for ongoing assurance engagements and other audit responsibilities periodically within the internal audit team?	As we are a small team we aren't always able to rotate Auditors as regularly as we would like and therefore the risk of familiarity is always a factor. However, there are enough independent assessments throughout the audit process to ensure that all Auditors have not been bias and have carried out their role as independently and objectively as possible.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance
1130 Impairment of Independence or Objectivity	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	Where a material number of days are required for Internal Audit to provide consultancy services the Audit Committee are updated and a change to the Audit Plan is requested. If resource is required to support a service through consultancy which does not have a material effect on the Audit Plan then the Internal Audit Manager will approve the work to support the service using days already agreed within the Audit Plan.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance

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Proficiency and Due Professional Care					
1210 Proficiency	Having regard to the answers to the other questions in this section and other matters, does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities? Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	As stated above with such a small team resourcing can sometimes be difficult; however, there are many different avenues and techniques used to ensure that knowledge and experience is gained. Our Auditor is currently using the Apprenticeship Levy to increase her knowledge and understanding of Internal Audit Services. We have access to third party provision of skilled audit days when required. We work with services to get a better understanding of the risks, issues and hurdles they face in order to perform their role. We also have access to the Essex Audit Group where all Heads of Internal Audit share knowledge and experience of audit areas and arising risks.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance
1210 Proficiency	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	We have one inexperienced Auditor within the team who is continually learning and supervised by senior officers.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance

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1210 Proficiency	Do internal auditors have sufficient knowledge of key information technology risks and controls?	As above. We also have access to third party Internal Audit Services that can offer specific IT audits if required.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance
1210 Proficiency	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	As above. We have also changed the way in which we work over the past couple of years to ensure that assisted audit techniques and data analysis become fundamental to audits we undertake.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance
Managing the Internal Audit Activity					
Overall Opinion					
2660 Communicating the Acceptance of Risks	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management? If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	Although the acceptance of risk is discussed with the auditees during the audit, if a manager has decided to accept a risk instead of mitigate it, the issue is not reported to Senior Management or the Board unless it has a significant impact on the overall opinion of the audit area or operational processes.	Low	Determine whether current practice is acceptable with Senior Management and the Audit Committee. If not include all areas where risk has been accepted rather than mitigated in audit reports.  Craig Clawson  March 2020	Partially compliant