

Public Sector Internal Audit Standards Action Table (2016) - Peer Review Assessment

Appendix B

The following points for consideration, whilst addressing issues relating to the Standards will help to develop the Internal Audit Service. Some of these also reflect the views expressed during the interviews conducted with Chief Officers at Fylde Borough Council during the course of the assessment:

PSIAS Ref	No	Point For Consideration	Responsible	Update as at 31.3.19
2000	1	<p>Internal Audit should consider the need for a flexible, less rigid stance in relation to wider ranging corporate issues</p> <p>This will require communication with senior management to enhance their understanding of the value that Internal Audit can add outside of its main assurance work.</p>	Head of Internal Audit	<p>Complete</p> <p>Internal Audit Plan 19/20 includes project team involvement to provide pro-active advice and guidance on internal control, governance and risk management. Internal Audit have also been heavily involved with the implementation of GRACE risk management system to further embed the identification and management of operational risk throughout the authority.</p>
2010 2050	2	<p>Once the assurance framework has been developed, each of the various sources of assurance for each audit activity should be identified in order to help inform the planning process.</p>	Head of Internal Audit	<p>Carry forward 2019</p> <p>Risk assessment used during the planning process contains details of other sources of assurance.</p>

2120		therefore provide added value to the service manager.		
	6	<p>Fraud risks should be identified at the scoping stage, the controls identified and then tested in order to provide assurance that the risk of fraud is being effectively mitigated.</p> <p>Both recommendations 5 & 6 will be facilitated by the implementation of service risk registers which in turn will benefit Internal Audit in modernising its approach.</p>	Head of Internal Audit	<p>Complete</p> <p>Identification of fraud risks included within each individual audit review and included for testing.</p>
2410	7	The quality review process needs to ensure that all material findings are reflected within the proposed actions.	Head of Internal Audit	<p>Complete</p> <p>Revised working papers and Internal Audit report now in place which clearly identify control weaknesses and report actions.</p>
	8	Consider closer working between Internal Audit and the BPR team in order to ensure that controls are considered at the outset of any new process re-design and the initiative works effectively.	Head of Internal Audit	<p>On-going</p> <p>This would be identified during the annual planning process and included as and when audit input would be beneficial. The plan also contains contingency time to allow for audit input to any new initiatives arising throughout the course of the year.</p>
	9	Further development of the risk management framework within the organisation, specifically the development of service risk registers which would	Senior Management	Complete

	enable the internal audit service to more easily adopt a modern risk based approach in line with good practice and could facilitate a more directed assessment of assurance which is better linked to the current risks facing the organisation.		GRACE risk management system being implemented to identify risks at corporate, project, partnership and operational level.
10	From observations and feedback, Internal Audit should always aim to ensure that its proposals for actions are relevant, material and risk focused.	Head of Internal Audit	Complete Risk based auditing now being utilised
11	At the closure meetings, consideration could be given to a single auditor attending in order to avoid a duplication of time and effort, and provide a means of developing the skills of the Audit team members.	Head of Internal Audit	Complete Revised processes now mean that auditor takes responsibility for all aspects of the review including the closure meetings.
12	Consideration could be given to reviewing the extent of narrative in the introduction within audit reports to streamline this into a more concise, focused report.	Head of Internal Audit	Complete Revised streamlined tabular format report introduced September 2018
13	Consideration could be given to including a circulation list for each report within the scoping document for each audit	Head of Internal Audit	Complete Now included
14	Consider putting the criterion of “the need for auditors to be aware of any possible areas of concern” within the Procedures Manual rather than the Internal Audit Charter.	Head of Internal Audit	Carry forward 2019 Procedures Manual to be reviewed during 19/20 to ensure it is reflective of the revised Internal Audit practices now in place

	15	The Head of Internal Audit acknowledged that it is possible for outstanding audit actions to be reported to Audit & Standards Committee prior to Senior Management having had the opportunity to take action. Good practice would be for management always to consider and have the opportunity to comment on these prior to referral to committee.	Head of Internal Audit	Complete New follow up process introduced September 2018 onwards.
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