

# Wiltshire Council

Report of SWAP Self-Assessment against the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

# Background

## Introduction

This conformance review is evidence required to demonstrate the Internal Audit Service is 'fit for purpose' and compliant with the national mandatory standards. The Audit Committee are required to review and comment upon the effectiveness of the Internal Audit Service and this report assists with this responsibility.

Public Sector Internal Audit Standards (PSIAS) are mandatory and apply to all internal audit service providers, whether in-house, shared services or outsourced. The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector;
- Set basic principles for carrying out internal audit in the UK public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

Standard 1300 requires the Chief Audit Executive (Head of Internal Audit) to develop and maintain a Quality Assurance and Improvement Programme (QAIP) that includes periodic self-assessments and an assessment by an external person every five years.

The external assessment is currently underway and the findings and agreed improvement action plan will be presented to the next Audit Committee.

## Conclusion

The review identified near full compliance with the 300 plus tests of conformance, with no areas of non-compliance within the standards that would affect the overall scope or operation of the internal audit activity.

A small number of areas were identified where there is partial compliance and scope for improvement to ensure the service is meeting best practice.

Ref:	PSIAS Standard	Comments
1	Definition of Internal Audit	Fully Conformant
2	Code of Ethics	Fully Conformant
3	Attribute Standards	Fully Conformant
3.1	1000 Purpose, Authority and Responsibility	Fully Conformant
3.2	1100 Independence and Objectivity	Partial Conformance – there is no formal feedback sought from the clients Chief Executive or Audit Committee chair regarding the performance of the CAE.
3.3	1200 Proficiency and Due Professional Care	Fully Conformant
3.4	1300 Quality Assurance and Improvement Programme	Partial Conformance - The QUAIP was completed following the PSIAS review in 2015 and was reported to the Board through to 2018. At that stage the PSIAS review was due in 2019 but due to the retirement of the CEO it was deferred. We are still compliant with the requirement to undertake the PSIAS External Assessment every 5 years.
4	Performance Standards	Fully Conformant
4.1	2000 Managing the Internal Audit Activity	Fully Conformant

Ref:	PSIAS Standard	Comments
4.2	2100 Nature of Work	<p>Partial Conformance - Ethics audit coverage is inconsistent across partners at present. The Audit Planning process (in the <b>Audit Manual (Ref 6)</b>) has been updated to ensure ethics audits are carried out at every partner site as a matter of course. <b>The Annual Opinion Report (Ref 19)</b> includes a section on ethical effectiveness which has been included in the revised draft.</p> <p>The Audit Planning process (in the <b>Audit Manual (Ref 6)</b>) has been updated to ensure there is an assessment of the information technology governance and the extent to which it supports the organisations strategy and objectives. <b>The Annual Opinion Report (Ref 19)</b> has been reviewed and a section on IT governance has been included.</p>
4.3	2200 Engagement Planning	Fully Conformant
4.4	2300 Performing the Engagement	<p>Partial Conformance - While included in the <b>Audit Manual (Ref 6)</b> (in the section that references the IIA Standards), there is an assumption that auditors apply their professional judgement and experience in considering these aspects. We do not require them to formally document this. New starters are sent on the <b>BHBI Introduction to Internal Auditing training course (Ref 37)</b>. <b>The Audit Manual (Ref 6)</b> includes consideration of these areas specifically but these elements may not be easily evidenced on file.</p>
4.5	2400 Communicating Results	Fully Conformant
4.6	2500 Monitoring Progress	Fully Conformant
4.7	2600 Communication and Acceptance of Risks	Fully Conformant