

**MORAY COUNCIL INTERNAL AUDIT SERVICE**

**APPENDIX 1**

**EXTERNAL QUALITY ASSESSMENT - ACTION PLAN**

<b>Ref. No.</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Comment</b>	<b>Manager Responsible</b>	<b>Date to be Completed</b>	<b>Update</b>
<b>3.1</b>	The CAE should discuss any future updates of the internal audit charter with all members of CMT prior to submission to ASC for approval.	2	Agreed; in the past the charter has been discussed with the Corporate Director (Corporate Services) and in future will be taken through CMT	CAE	Dec 2019	The Charter has still to be updated post the management review and consideration of audit responsibilities.  To be completed by December 2020.
<b>3.2</b>	The CAE should report on performance against the audit plan in the Annual Audit Report and provide ASC regularly with the results of key performance indicators.	2	Agreed, this can be incorporated into future reports to the Audit and Scrutiny Committee. Presently IA performance reporting is to Policy and Resources Committee along with other Corporate Services teams	CAE	Jun 2019	An update on progress against plan was provided to Audit and Scrutiny Committee at its meeting on 13 November and audit (service) planning and performance will now be reported to this committee.  To be included in the Internal audit annual report in October 2020
<b>3.3</b>	Audit reports should be submitted to ASC directly by the CAE.	2	Not agreed, currently council Financial Regulations require the Corporate Director (Corporate	Corporate Director (Corporate	By March 2020	Following the management restructuring the Internal

			Services) to secure the provision of an internal audit service for the council. Also there are no provisions in the Scheme of Delegation to the Internal Audit Manager for a departure from current policy that requires committee reports to be issued in the name of a director or head of service. This will be reviewed again when the constitutional documents are next due for updating.	Services)/CAE		Audit Manager now reports to the Monitoring Officer. Following consideration, no change is proposed to the current practice of having reports published in the name of either a member of the CMT or SMT. The Internal Audit Manager shall continue to have responsibility for drafting his own reports.  Completed
3.4	Consideration should be given to seeking feedback from the Chief Executive and the Chair of the ASC for future CAE appraisals	3	Agreed, this will be done when the next appraisal (as part of the Employee Review and Development Programme) of the CAE is undertaken	Corporate Director (Corporate Services)/CAE	Sep 2019	The Chief Executive has provided input into the appraisal of the Internal Audit Manager which took place in July 2019. Involvement of the Chair of the Committee will be considered when the next appraisal is undertaken.  Partially Completed.
3.5	The processes for documenting potential conflicts of interest and for retaining evidence of auditor knowledge of, and compliance with, the Code of Ethics should be formalised.	2	Agreed, this will be straight forward to implement and provide evidence that staff acknowledge the need to adhere to the audit code of ethics alongside professional codes and the council's code of conduct for employees	CAE	Apr 2019	Discussed with team and all auditors signed a form confirming enhanced requirement for awareness of and application of high ethical standards.

						Completed.
<b>3.6</b>	Job descriptions for CAE and Senior Auditor posts should be up-dated.	3	Agreed, low priority but should be updated to reflect any changes in the roles	CAE	Nov 2019	The job description of the CAE (Internal Audit Manager) has been updated, that of the senior auditor remains under review.  To be completed by December 2020
<b>3.7</b>	A formal approach to planning and recording training should be put in place, and Employee Development Review Forms updated.	2	Agreed, a central training record will be developed – staff hold their own CPD records and to date this has not been seen as a priority.	CAE	May 2019	ERDPs have been completed for all staff and training opportunities identified as appropriate.  Completed.
<b>3.8</b>	An Audit Planning Checklist should be used to evidence the areas considered for inclusion in the Audit Plan.	2	Agreed, audit plans are derived from various sources as described in the audit plan report to committee presented to Committee annually. The checklist will detail the sources consulted when determining items for inclusion in the plan	CAE	For 2020/21 plan	This will take effect for audits undertaken in the new financial year.  Effective April 2020
<b>3.9</b>	An Assurance Map should be developed to document the approach to using other sources of assurance.	2	Agreed, this would be a useful exercise to bring together the sources of assurance the internal audit team may be able to place reliance on and it is proposed this is developed over the next year	CAE	For 2020/21 plan	This is a substantial piece of work and following further discussions with our external reviewer is no longer an immediate priority.

						Not completed
<b>3.10</b>	The Fraud Policy and the Audit Manual should be updated, and thereafter regular reviews scheduled.	2	Agreed, the Fraud policy is being updated and the audit manual will be refreshed to reference changes to practice following purchase of new audit software	CAE	Jun 2019 Dec 2019	Both the policy and the manual have been updated. The fraud etc. policy has been approved by Policy and Resources Committee. The audit manual has also been updated.  Completed
<b>3.11</b>	Work Programmes should be approved prior to commencement of the audit, and if any adjustments are made during the audit.	2	Agreed in part, for established and recurring audit areas e.g. schools where the parameters of the audit are known in advance. In other areas the audit scope may be developed as the audit progresses depending on initial findings There is currently a dialogue around this which will be recorded in our systems.	CAE	May 2019	This has been deferred to be taken forward in 21/22 for audits in that year's plan. Will involve adaptation of existing planning form.  Effective April 2021
<b>3.12</b>	In the absence of a separate documented agreement, reference should be made to engagements for parties outside the organisation in the Moray Council Internal Audit Charter.	3	Agreed, this links to 3.1 above and reference to the MIJB and GVJB will be added into charter on its next update	CAE	Dec 2019	Links to 3.1 above with updated charter referring to work with the IJB and the Valuation Board and perhaps the ALEO when leisure arrangements confirmed.  To be completed by December 2020
<b>3.13</b>	Audit reports should state that the engagement has been 'conducted in accordance with	2	Agreed, this will now be added, given the results of this EQA review.	CAE	Apr 2019	Completed

















	PSIAS'.					
<b>3.14</b>	The CAE should routinely attend the Senior Management Team meetings.	3	Agreed in part, this is an added demand on CAE time and having access to the meeting agendas and attending where appropriate is the preferred option.	Corporate Director (Corporate Services)/CAE	Apr 2019	The Internal Audit Manager since the management restructure now receives notice of agenda items for CMT/SMT meetings and can attend as required.  Completed

#### Key to Grading of Recommendations

Priority: **1 – Critical**, **2 – Requires addressing**, **3 – Good Practice**, **4 – Value for Money**



### SUMMARY OF CONFORMANCE WITH THE PSIAS – Appendix A

Reference	Assessment Area	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
Section A	Definition of Internal Auditing				
Section B	Code of Ethics				
Section C	Attribute Standards				
1000	Purpose, Authority and Responsibility				
1100	Independence and Objectivity				
1200	Proficiency and Due Professional Care				
1300	Quality Assurance and Improvement Programme				
Section D	Performance Standards				
2000	Managing the internal Audit Activity				
2100	Nature of Work				
2200	Engagement Planning				
2300	Performing the Engagement				
2400	Communicating Results				
2500	Monitoring Progress				

2600	Communicating the Acceptance of Risks				
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