

## Burnley Council Internal Audit Service – PSIAS Action Table Appendix 1

The following points for consideration to develop the Audit Service arise from the review undertaken:

No.	PSIAS Ref	Report ref	Point For Consideration	Responsible	Action
1	1100 Independence and Objectivity	10,11,16	<p>Burnley Council should consider how they wish to address the non-conformance with the Public Sector Internal Audit Standard 1100 in relation to the independence and objectivity of the Chief Audit Executive.</p> <p>In addition, the Council should also seek the views of their external auditors and gain an understanding of the impact of the non-conformance.</p>	Head of Finance and Property	<p>The Chief Audit Executive role will be assigned to the Internal Audit Manager as this removes the main risk of independence and objectivity from this role.</p> <p>The views of the External Auditor will be sought and the understanding of this non-conformance will be considered.</p>
2	1100 Independence and Objectivity  1200 Proficiency and Due Professional Care	16,23	<p>The Council should ensure that all future arrangements to achieve independence are accurately reflected in the Internal Audit Charter and that all Audit and Standards agenda items and minutes reference the CAE as the author.</p> <p>Furthermore, any future arrangements should ensure that the CAE is professionally qualified and suitably experienced.</p>	Head of Finance and Property	<p>The CAE arrangements will be reflected in the Internal Audit Charter and Strategy.</p> <p>The CAE will be referenced as the author in all items which relate to the roles of the CAE.</p> <p>The Council will work towards an early achievement of the qualification requirement.</p>

No.	PSIAS Ref	Report ref	Point For Consideration	Responsible	Action
3	1100 Independence and Objectivity	18	In order to comply with all aspects of the purpose and positioning standards, the CAE should participate and ensure that the Audit & Standards Committee undertake a review of its own remit and effectiveness using the latest guidance issued by CIPFA.	CAE and Democracy Team	This process is underway and the CAE will participate in this process, using the latest CIPFA Guidance.
4	1100 Independence and Objectivity	18	<p>The CAE should also assist the Audit and Standards Committee in assessing their collective skills and knowledge and identify any training needs.</p> <p>A comprehensive training plan should be developed to address any identified skills and knowledge gaps.</p>	CAE and Democracy Team	The Council, with the participation of the CAE, will assess the collective skills and knowledge of the Audit and Standards Committee members to identify any training needs which will be developed into a training plan to address any skills and knowledge gaps.
5	1100 Independence and Objectivity	19	<p>The CAE should ensure that reports presented to the Audit and Standards Committee are accurate and free from errors and omissions.</p> <p>Reports should be sufficiently detailed to allow the Audit and Standards Committee to gain an understanding of how the internal audit service will fulfil its objectives.</p>	CAE Chair of Audit and Standards Committee	<p>The CAE will ensure that reports they present to the Audit and Standards Committee related to Internal Audit are accurate and free from errors and omissions.</p> <p>The format and details in reports will be agreed with the Chair of the Audit and Standards Committee to improve the understanding of how the internal audit service fulfils its objectives.</p>

No.	PSIAS Ref	Report ref	Point For Consideration	Responsible	Action
6	1000 Purpose, Authority and Responsibility	33	The Audit Charter should be expanded to include the functional reporting relationship of the CAE with the Audit and Standards Committee.	CAE	The Audit Charter and Strategy will be revised to reflect the changes to include the functional reporting relationship of the CAE with the Audit and Standards Committee.
7	2010 Audit Planning	20	<p>The CAE should ensure that the risk-based plan presented to the Audit and Standards Committee is an accurate reflection of the Internal Audit planning documentation / risk assessment.</p> <p>Evidence needs to be retained to demonstrate that the plan has been produced with due regard to the Council's Corporate Plan, Corporate Risk Register and high-risk areas in individual Council services.</p>	CAE	<p>The risk-based plan will be clearly linked to the Strategic Plan, Strategic Risk Register and risk areas identified from the Services. Evidence of this will be retained.</p>
8	2010 Audit Planning	34,35	<p>The Plan should also clearly articulate resources required to complete the reviews and the priority order of the agreed work.</p> <p>The plan should also reflect any agreed consultancy work.</p> <p>This should be presented and agreed by senior management prior to being presented to the Audit and Standards Committee.</p>	CAE	The Plan will clearly record the estimated resources available to complete the reviews with the priority order.

No.	PSIAS Ref	Report ref	Point For Consideration	Responsible	Action
9	2050 Other Sources of Assurance	22	The CAE should ensure that the risk-based plan includes an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources.	CAE	Any other sources of assurance will be identified, evaluated and, where reliance can be placed on these, will be considered as part of the assurance process.
10	1300 Quality Assurance and Improvement Programme	24	As identified during the 2017 review, the Peer Review Team found that the Quality Assurance and Improvement Programme (QAIP) whilst technically in existence lacked detail.  The QAIP could contain more detail on how issues that do not conform with the Standards would be addressed to enable future compliance.	CAE	The QAIP will include detail of how the authority will address issues and will contain more detail on how issues that do not conform will be addressed.
11	2040 Policies and Procedures	36	The CAE should ensure that all policies and procedures to guide the internal audit are reflective of the PSIAS and that they are regularly reviewed and updated.	CAE	The Audit manual will be updated to ensure that the policies and procedures reflect the PSIAS requirements.
12	2200 Engagement Planning	25,26	Risks identified at the scoping stage should be based upon the current risks facing the Service rather than using standard risk and control matrices. Adopting this approach will ensure assurance is provided on current business risks which will therefore provide added value to the service	CAE	Auditors will be reminded of the requirements to engage with Auditees to identify the current risk issues and to agree these with Auditees.

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13	2300 Engagement Delivery & 2400 Reporting	27,28	<p>The CAE should ensure that all working papers contain sufficient, reliable, relevant and useful information which supports engagement results and conclusions in all instances.</p> <p>The internal quality control process as detailed in the QAIP should be applied in all instances.</p>	CAE	Reviewers will be reminded of the requirement to support the finding clearly in the working papers.
14	2450 Overall Opinion	29,30	<p>The CAE should ensure that the Internal Audit opinion is based upon sufficient evidenced work to form a supportable conclusion.</p> <p>If it is deemed that insufficient work has been completed, the Annual opinion report should be worded to reflect this.</p>	CAE	The CAE will ensure that the Internal Audit opinion is in compliance with the required Standard 2450.
15	2450 Overall Opinion	31,32	<p>The annual opinion report should reference the adequacy and effectiveness of the organisation's control, governance and risk management arrangements.</p> <p>The report should also incorporate all the requirements as set out in Standard 2450.</p>	CAE	The CAE will ensure that the Internal Audit opinion is in compliance with the required Standard 2450.



Appendix 2 – December 2023 Progress update.

No.	Responsible	Action	Progress
1	Head of Finance and Property	<p>The Chief Audit Executive role will be assigned to the Internal Audit Manager as this removes the main risk of independence and objectivity from this role.</p> <p>The views of the External Auditor will be sought, and the understanding of this non-conformance will be considered.</p>	<p>This is complete. <b>Complete March 2023</b></p> <p>The External Auditor included its views on this issue in its Auditors Annual Report to the Council. <b>Complete December 2023</b></p>
2	Head of Finance and Property	<p>The CAE arrangements will be reflected in the Internal Audit Charter and Strategy.</p> <p>The CAE will be referenced as the author in all items which relate to the roles of the CAE.</p> <p>The Council will work towards an early achievement of this requirement.</p>	<p>The Audit Charter has been presented to the Committee. This is complete.</p> <p><b>Complete July 2023</b></p> <p><b>In Progress – Moved to July 2024</b></p>
3	CAE and Democracy Team	<p>This process is underway, and the CAE will participate in this process, using the latest CIPFA Guidance.</p>	<p>The review against the CIPFA guidance was reported to the committee.</p> <p><b>Target March 2024</b></p>
4	CAE and Democracy Team	<p>The Council, with the participation of the CAE, will assess the collective skills and knowledge of the Audit and Standards Committee members to identify any training needs which will be developed in to training plans to address any skills and knowledge gaps.</p>	<p>An assessment of the training needs for the Committee was reported to the committee.</p> <p><b>Target moved to July 2024</b></p>
5	CAE Chair of Audit and Standards Committee	<p>The CAE will ensure that reports they present to the Audit and Standards Committee related to Internal Audit are accurate and free from errors and omissions to the best of their abilities.</p> <p>The format and details in reports will be agreed with the Chair of the Audit and Standards Committee to improve the understanding of how the internal audit service fulfils its objectives.</p>	<p>Error checking is in place.</p> <p><b>Complete July 2023</b></p> <p>Discussions of the content of reports with the chair in place – comments on the format and details will be incorporated into future reports.</p> <p><b>Complete March 2023</b></p>

No.	Responsible	Action	Progress
6	CAE	The Audit Charter and Strategy will be revised to reflect the changes to include the functional reporting relationship of the CAE with the Audit and Standards Committee.	The Audit Charter was reported to this Committee. <b>Complete September 2023</b>
7	CAE	The risk-based plan will be clearly linked to the Strategic Plan, Strategic Risk Register and risk areas identified from the Services.  Evidence of this will be retained.	This is in progress. <b>Complete February 2024</b>
8	CAE	The Plan will clearly record the estimated resources to complete the reviews with the priority order.	This has been included in the Audit Plan for 2023/24. <b>Complete April 2023</b>
9	CAE	Any other sources of assurance will be identified and evaluated and where reliance can be placed on these this will be considered as part of the assurance process.	Health and Safety work is the only other source of assurance identified. This will be reviewed during the year to ensure that reliance can continue to be placed.  <b>Target moved to April 2024</b>
10	CAE	The QAIP will include the detail of how the authority will address issues of that do contain more detail of how issues that do not conform will be addressed.	The QAIP was reported to this Committee <b>Complete September 2023</b>
11	CAE	The Audit manual will be updated to ensure that the policies and procedures reflect the PSIAS requirements	This has been done. <b>Complete January 2024</b>



No.	Responsible	Action	Progress
12	CAE	Auditors will be reminded of the requirements to engage with Auditees to identify the current risk issues and to agree these with Auditees.	This has been done. <b>Complete September 2023</b>
13	CAE	Reviewers will be reminded of the requirement to support the finding clearly in the working papers.	This has been done. <b>Complete September 2023</b>
14	CAE	The CAE will ensure that the Internal Audit opinion is in compliance with the required standard 2450.	The opinion includes a comment on the sufficiency of the work completed. <b>Complete July 2023</b>
15	CAE	The CAE will ensure that the Internal Audit opinion is in compliance with the required standard 2450.	The 2022/23 opinion has been revised to incorporate the standards requirements for opinion on internal control, risk management and governance. <b>Complete July 2023</b>