

## **Public Sector Internal Audit Standards - Conformance**

### **SUMMARY**

- 1.1 This report provides members with a self-assessment of conformance with the new Public Sector Internal Audit Standards that came into effect from 1 April 2013.

### **RECOMMENDATION**

- 2.1 To note the report.

### **REASONS FOR RECOMMENDATION**

- 3.1 The Audit and Accounts Committee is responsible for providing assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.

### **SUPPORTING INFORMATION**

- 4.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1 April 2013 to create consistent standards for the practice of internal audit across the public sector and establish the basis for its quality assurance. These standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 4.2 The PSIAS and the Local Government Application Note together supersede the 2006 CIPFA Code of Practice for Internal audit in Local Government in the United Kingdom (2006 Code). The Application Note has been developed as the sector specific requirements for local government organisations.

- 4.3 The Application Note provides further explanation for the PSIAS and practical guidance on how to apply them.

#### **Summary of the Main Changes between the PSIAS and the 2006 Code:**

- 4.4 The Code of Ethics promotes an ethical, professional culture. It does not supersede or replace internal auditors' own professional bodies' codes of ethics or those of the employing organisation. Internal auditors must also have regard to the Committee on Standards in Public Life's Seven Principles of Public Life namely Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.
- 4.5 A key difference with the PSIAS for local government is the terminology. The PSIAS use the term 'Chief Audit Executive' (CAE), the description used internationally, rather than 'Chief Internal Auditor or Head of Internal Audit' more commonly used in the UK.
- 4.6 Another change is the requirement for an Internal Audit 'Charter'. This formally defines purpose, authority and responsibility of the internal audit activity as well arrangements for avoiding conflicts of interest.
- 4.7 There is a need for a risk-based plan linked to a strategic / high-level statement on how the service will be provided and developed in accordance with the charter and how this links to the organisation's objectives and priorities.
- 4.8 A Quality Assurance and Improvement Programme (QA&IP) will need to be in place requiring both internal and external assessments. The external assessment will be required at least every 5 years. The CAE is required to include a statement on the results of the QA&IP in the annual report. The external assessment must be carried out by a qualified and independent assessor from outside the organisation. It can be a full external evaluation or a self-assessment with independent external validation.

#### **Conformance with the PSIAS:**

- 4.9 A checklist has been developed by CIPFA to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the QA & IP. It incorporates the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents. An initial desk top review of the PSIAS has been carried out using the checklist by the Head of the Central Midlands Audit Partnership. This is attached at Appendix 2.
- 4.10 Due to the fact that the Central Midlands Audit Partnership is currently fully compliant with the 2006 CIPFA Code of Audit Practice, the majority of the requirements of the new PSIAS are already achieved without any need to change existing practices. The main area of the PSIAS that will require further development is the QA & IP and also to finalise the Internal Audit Charter.

<b>OTHER OPTIONS CONSIDERED</b>
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5.1 N/A

**This report has been approved by the following officers:**

<b>Legal officer</b>	N/A
<b>Financial officer</b>	N/A
<b>Human Resources officer</b>	N/A
<b>Estates/Property officer</b>	N/A
<b>Service Director(s)</b>	N/A
<b>Other(s)</b>	Chief Officer Group

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<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – Self Assessment

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 None directly arising

**Legal**

- 2.1 None directly arising

**Personnel**

- 3.1 None directly arising

**Equalities Impact**

- 4.1 None directly arising

**Health and Safety**

- 5.1 None directly arising

**Environmental Sustainability**

- 6.1 None directly arising

**Property and Asset Management**

- 7.1 None directly arising

**Risk Management**

- 8.1 The effective management of risk is a core principle of good governance.

**Corporate objectives and priorities for change**

- 9.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.

## Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note

Please tick to indicate Y = YES, P = PARTIAL, N = NO. Evidence for each response must be provided and reasons for any partial or full non-conformance should be given, together with any compensating measures in place or actions in progress to address this.

Ref	Conformance with the Standard	Y	P	N	Evidence
<b>1</b>	<b>Definition of Internal Auditing</b>				
	Using evidence gained from assessing conformance with other Standards, is the internal audit activity:				
	a) Independent?	Y			Effectiveness of Internal Audit report 26/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Objective?	Y			As above
	Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	Y			As above
<b>2</b>	<b>Code of Ethics</b>				
	<b>Integrity</b>				
	Using evidence gained from assessing conformance with other Standards, do internal auditors:				
	a) Perform their work with honesty, diligence and responsibility?	Y			Effectiveness of Internal Audit report 26/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Observe the law and make disclosures expected by the law and the profession?	Y			As above
	c) Not knowingly partake in any illegal activity nor engage in in acts	Y			As above

Ref	Conformance with the Standard	Y	P	N	Evidence
	that are discreditable to the profession of internal auditing or to the organisation?				
	d) Respect and contribute to the legitimate and ethical objectives of the organisation?	Y			As above
	<b>Objectivity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not:				
	a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?	Y			Effectiveness of Internal Audit report 26/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Accepting anything that may impair or be presumed to impair their professional judgement?	Y			As above
	c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	Y			As above
	<b>Confidentiality</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:				
	a) Acting prudently when using information acquired in the course of their duties and protecting that information?	Y			Effectiveness of Internal Audit report 26/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?	Y			As above
	<b>Competency</b> Using evidence gained from				

Ref	Conformance with the Standard	Y	P	N	Evidence
	assessing conformance with other Standards, do internal auditors display objectivity by:				
	a) Only carrying out services for which they have the necessary knowledge, skills and experience?	Y			Effectiveness of Internal Audit report 26/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Performing services in accordance with the PSIAS?	Y			As above
	c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?	Y			As above
	Do internal auditors have regard to the on Standards of Public Life's <i>Seven Principles of Public Life</i> ?	Y			As above – also annual declaration
	<b>Standards</b>				
<b>3</b>	<b>Attribute Standards</b>				
<b>3.1</b>	<b>1000 Purpose, Authority and Responsibility</b>				
	Does the internal audit charter include a formal definition of:				Terms of reference is being developed into Audit Charter
	a) the purpose b) the authority, and c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	Y			IA Terms of Reference
<b>LGAN</b>	Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.	Y			Terms of Reference section 1.6
	Does the internal audit charter also:				
	a) Set out the internal audit activity's	Y			Terms of Reference section 1.7

Ref	Conformance with the Standard	Y	P	N	Evidence
	position within the organisation?				
	b) Establish the CAE's functional reporting relationship with the board?	Y			Terms of Reference section 1.6
<b>LGAN</b>	c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively?	Y			Terms of Reference section 1.6
<b>LGAN</b>	d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit?	Y			Terms of Reference section 1.6
	e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	Y			Terms of Reference section 1.12
<b>LGAN</b>	f) Define the scope of internal audit activities?	Y			Terms of reference section 1.7
<b>LGAN</b>	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?	Y			Terms of reference section 1.7
<b>LGAN</b>	h) Identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the Accounts and Audit (England) Regulations 2011?	Y			Section 1.8
<b>LGAN</b>	i) Establish the organisational independence of internal audit?	Y			Section 1.5
	j) Cover the arrangements for appropriate resourcing?	Y			Section 1.9
	k) Define the role of internal audit in	Y			Section 1.11



Ref	Conformance with the Standard	Y	P	N	Evidence
	any fraud-related work?				
	l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	Y			Section 1.11
	m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?	Y			Section 1.5 para 1.5.5
	n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?	Y			Section 1.10
	o) Define the nature of consulting services?	Y			Section 1.11
	p) Recognise the mandatory nature of the PSIAS?			N	Working copy refers to CIPFA Code – to be updated (by December 2013). Mandatory nature highlighted in report to A & A dated 6/2/13.
	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?		P		Internal Audit Charter will go to COG (Nov 13) and Audit & Accounts Cttee (Dec 13)
	Does the CAE attend audit committee meetings?	Y			See minutes for proof of attendance
	Does the CAE contribute to audit committee agendas?	Y			Reports are produced and submitted
<b>3.2</b>	<b>1100 Independence and Objectivity</b>				
	Does the CAE have direct and unrestricted access to senior management and the board?	Y			Effectiveness of Internal Audit report 26/6/2013 appendix 2, principle 3 "has full access to the Head of Corporate Finance and, if required, the Chair of Audit Sub-Committee"
	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	Y			As above
	Are threats to objectivity identified and managed at the following levels:				

Ref	Conformance with the Standard	Y	P	N	Evidence
	a) Individual auditor?	Y			Monthly one-to-one meetings, MIP process, annual declarations of interests
	b) Engagement?	Y			Individual declarations by auditor and Asst Audit Manager for each engagement
	c) Functional?				Overseen by the Head of Audit Partnership
	d) Organisation?				Overseen by the CMAP Board
	<b>1110 Organisational Independence</b>				
	Does the CAE report to an organisational level equal or higher to the corporate management team?	Y			Reports to Audit Sub-committee (Terms of Reference s 1.6)
<b>LGAN</b>	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	Y			Reports to Audit Sub-committee (Terms of Reference s 1.6)
<b>LGAN</b>	Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity?  This is of particular importance when the CAE is line managed by another officer of the authority.	Y			Terms of Reference s1.5
<b>LGAN</b>	Does the CAE's position in the management structure:				
	a) Reflect the influence he or she has on the control environment?	Y			Internal Audit is provided by an Audit Partnership. The CAE reports to the Audit and Accounts Committee.
	b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board?	Y			Directly reports to Audit and Accounts Committee
	c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	Y			Direct report to Audit and Accounts Committee and has access to the Chief Executive and Chair of Audit and Accounts Committee (Effectiveness of Internal Audit report appendix 2)
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent?  The following examples can be used	Y			Annual Audit opinion report – appendix 2 of the annual report - section 1

Ref	Conformance with the Standard	Y	P	N	Evidence
	by the CAE when assessing the organisational independence of the internal audit activity:				
	The board:				
	a) approves the internal audit charter			N	This will be done by the Audit and Accounts Committee (Dec 13). It will also go to CMAP Board – DCC has representation on this Board.
	b) approves the risk-based audit plan	Y			Approved by Audit and Accounts Committee 27/3/2013
	c) approves the internal audit budget and resource plan	Y			This is approved by the CMAP Board – DCC has representation on this Board.
	d) receives communications from the CAE on the activity's performance (in relation to the plan, for example)	Y			Quarterly progress reports (eg 20/6/2013)
	e) approves decisions relating to the appointment and removal of the CAE	Y			This will be done by the CMAP Board -DCC has representation on this Board.
	f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	Y			The potential for limitations is recognised in the Terms of Reference
	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?	Y			Effectiveness of Internal Audit report – from Strategic Director of Resources – taken to Audit and Accounts Committee 26/6/2013
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?				Not applicable
	<b>1111 Direct Interaction with the Board</b>				
	Does the CAE communicate and interact directly with the board?	Y			Reports directly to Audit and Accounts Committee
	<b>1120 Individual Objectivity</b>				
	Do internal auditors have an impartial, unbiased attitude?	Y			Ethical requirement.
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	Y			Make annual declaration of interests (overall) and also declaration on each engagement
	<b>1130 Impairment to Independence or Objectivity</b>				

Ref	Conformance with the Standard	Y	P	N	Evidence
	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?	Y			No such instances have occurred but if they had, these would be dealt with appropriately by CAE
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?	Y			CMAP is independent of DCC and auditors have no operational responsibilities, so there is no conflict of interests
	If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?	Y			Any audits of areas over which the Head of Governance & Assurance has operational responsibility are overseen by the Audit Manager. The HoGA does not get involved in the audit process.
<b>LGAN</b>	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	Y			The Audit plan is arranged such that engagements are rotated within the team on a periodic basis.
<b>LGAN</b>	Have internal auditors declared interests in accordance with organisational requirements?	Y			Terms of Reference 1.5.5
<b>LGAN</b>	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?	Y			CMAP Auditors are required to declare offers under the Derby CC Employee Code of Conduct (as Host Authority)
<b>LGAN</b>	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?				No such instances – comply with standard
<b>LGAN</b>	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their	Y			Internal review process.

Ref	Conformance with the Standard	Y	P	N	Evidence
	reports or conceal unlawful practice, subject to any confidentiality agreements?				
<b>LGAN</b>	Have internal auditors complied with the Bribery Act 2010?	Y			Auditors are bound by DCC Code of Conduct which requires adherence to the DCC Bribery Act Policy
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?	Y			Consulting services engagements are subject to the same declaration process as audit assignments
	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?	Y			No such instances – contingency time is built into the audit plan and to date no additional consultancy has exceeded the time allowed – if there was to be pressure on the audit plan, members would be informed.
<b>3.3</b>	<b>1200 Proficiency and Due Professional Care</b>				
	<b>1210 Proficiency</b>				
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	Y			CIPFA qualified
	Is the CAE suitably experienced?	Y			20+ years experience
<b>LGAN</b>	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	Y			Responsible under hosting authority (DCC) recruitment policy and procedure
<b>LGAN</b>	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	Y			Most recently reviewed in 2013
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	Y			Wide range of skills and knowledge – see Staff profiles

Ref	Conformance with the Standard	Y	P	N	Evidence
	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?	Y			Call-off contract existed for additional resources (but was never used) – Terms of Reference 1.11.2
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	Y			Fraud awareness given high profile, 4 staff with CIPD
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	Y			Regular training and 2 IT specialists within team
	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?	Y			Team have access to and can use IDEA
	<b>1220 Due Professional Care</b>				
	Do internal auditors exercise due professional care by considering the:				
	a) Extent of work needed to achieve the engagement's objectives?	Y			Each job is scoped with senior management prior to commencement
	b) Relative complexity, materiality or significance of matters to which assurance procedures are applied?	Y			Each job is scoped with senior management prior to commencement
	c) Adequacy and effectiveness of governance, risk management and control processes?	Y			Each assignment requires a risk assessment prior to work beginning
	d) Probability of significant errors, fraud, or non-compliance?	Y			Each assignment requires a risk assessment prior to work beginning
	e) Cost of assurance in relation to potential benefits?	Y			Recommendations are reviewed during the quality check process for practicality
	Do internal auditors exercise due professional care during a consulting engagement by considering the:				
	a) Needs and expectations of clients,	Y			This is arranged during the scoping / opening meeting,

Ref	Conformance with the Standard	Y	P	N	Evidence
	including the nature, timing and communication of engagement results?				including frequency of updates to senior management
	b) Relative complexity and extent of work needed to achieve the engagement's objectives?	Y			This is established at the scoping / opening meeting
	c) Cost of the consulting engagement in relation to potential benefits?	Y			Recommendations are reviewed during the quality check process for practicality
	<b>1230 Continuing Professional Development</b>				
<b>LGAN</b>	Has the CAE defined the skills and competencies for each level of auditor?	Y			See Person Specifications for each role
<b>LGAN</b>	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	Y			Annual MIP (appraisal) – each individual is assessed against the Excellent Internal Auditor
	Do internal auditors undertake a programme of continuing professional development?	Y			Ongoing training, attendance at CATS courses etc.
	Do internal auditors maintain a record of their professional development and training activities?	Y			This is recorded in the training database which is part of the Audit Management System
<b>3.4</b>	<b>1300 Quality Assurance and Improvement Programme</b>				
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?		P		The quality assurance system that was in place for the 2006 Code covers a proportion of this. A programme will be taken to the CMAP Board in Feb 14 .
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?		P		As above
	Does the CAE maintain the QAIP?		P		The CAE is reviewing the current process and will update and maintain it. (Feb 14)
<b>LGAN</b>	If the organisation is a 'larger relevant body' in England, does it	Y			Effectiveness of internal Audit report taken to Audit & Accounts Committee 26/6/2013

Ref	Conformance with the Standard	Y	P	N	Evidence
	conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?				
	<b>1310 Requirements of the Quality Assurance and Improvement Programme</b>				
	Does the QAIP include both internal and external assessments?		P		In development – Feb 14
	<b>1311 Internal Assessments</b>				
<b>LGAN</b>	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	Y			The Work is planned such that the specialisms of individuals are part of the allocation process.
	Do internal assessments include ongoing monitoring of the internal audit activity, such as:				
	a) Routine quality monitoring processes?	Y			Each assignment is subject to a two-stage quality assurance process
	b) Periodic assessments for evaluating conformance with the PSIAS?	Y			This will form part of the Annual Report which accompanies the HoA Audit Opinion
<b>LGAN</b>	Does ongoing performance monitoring include comprehensive performance targets?	Y			Performance is reported to Audit & Accounts Committee on a quarterly basis
<b>LGAN</b>	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	Y			Performance targets have been developed in conjunction with the CMAP Board
<b>LGAN</b>	Does the CAE measure, monitor and report on progress against these targets?	Y			Quarterly reports taken to Audit & Accounts Committee
<b>LGAN</b>	Does ongoing performance monitoring include obtaining stakeholder feedback?	Y			Feedback from stakeholders is included by the use of customer satisfaction surveys
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient			N	No assessments done for PSIAS as yet. Assessments against the 2006 Code were carried out by External Audit every 3 years. Self-assessments carried out every year as part of the review



Ref	Conformance with the Standard	Y	P	N	Evidence
	knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.				of the effectiveness of internal audit.  Assessment will be required in 2014.
<b>LGAN</b>	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	Y			This was done under the 2006 Code and will be the same under PSIAS.
	<b>1312 External Assessments</b>				
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	Y			This is planned to be carried out.
<b>LGAN</b>	Has the CAE considered the pros and cons for the different types of external assessment (ie 'full' or self-assessment plus 'independent validation')?		P		This will be discussed at the Feb 14 meeting of the CMAP Board. Initial work has been done by the CAE in regard to the self-assessment.
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?			N	CMAP Board - Feb 14
<b>LGAN</b>	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?			N	CMAP Board - Feb 14
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?			N	April 2014
	Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process? Competence can be determined in				Not applicable at the moment

Ref	Conformance with the Standard	Y	P	N	Evidence
	<p>the following ways:</p> <p>a) experience gained in organisations of similar size</p> <p>b) complexity</p> <p>c) sector (ie the public sector)</p> <p>d) industry (ie local government), and</p> <p>e) technical experience.</p> <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>				
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?				Not applicable at the moment
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.				Not applicable at the moment
	<b>1320 Reporting on the Quality Assurance and Improvement Programme</b>				
	Has the CAE reported the results of the QAIP to senior management and the board?				Not applicable at the moment
	Note that:				
	a) the results of both external and periodic internal assessment must be communicated upon completion				
	b) the results of ongoing monitoring must be communicated at least				

Ref	Conformance with the Standard	Y	P	N	Evidence
	annually				
	c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.				
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?				Not applicable at the moment
	<b>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</b>				
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?				Not applicable at the moment
	<b>1322 Disclosure of Non-conformance</b>				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?				Not applicable at the moment
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?				Not applicable at the moment
<b>4</b>	<b>Performance Standards</b>				
<b>4.1</b>	<b>2000 Managing the Internal Audit Activity</b>				
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	Y			
	Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the <i>Standards</i> ?		P		Conforms to the new definition and the majority of the PSIAS other than the QA&IP. Developments underway to achieve full conformity with the PSIAS.
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the	Y			Also with the Code of Ethics of the various relevant bodies. All conform with the parts of the PSIAS that are relevant to audit activity.

Ref	Conformance with the Standard	Y	P	N	Evidence
	<i>Code of Ethics and the Standards?</i>				
	Does the internal audit activity add value to the organisation and its stakeholders by				
	a) Providing objective and relevant assurance?	Y			Effectiveness of IA Review
	b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	Y			Effectiveness of IA Review
	<b>2010 Planning</b>				
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	Y			Priorities are based on highest risk levels, after discussion with relevant managers.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	Y			Noted in the Annual Plan submitted to Audit & Accounts Committee
	Does the risk-based plan take into account the organisation's assurance framework?	Y			Noted in the Annual Plan
	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of:				
	a) How the internal audit service will be delivered?	Y			In annual plan
	b) How the internal audit service will be developed in accordance with the internal audit charter?		P		Detailed in the plan report, but the Charter is yet to be formalised.(Dec 14)
	c) How the internal audit service links to organisational objectives and priorities?	Y			In aims of coverage (section 1) Annual Plan
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	Y			Plan addresses risk issues
	In developing the risk-based plan,	Y			Included in plan and referred to in "Approach to Audit Planning"

Ref	Conformance with the Standard	Y	P	N	Evidence
	has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?				section
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?	Y			included in plan and referred to in "Approach to Audit Planning" section
<b>LGAN</b>	Does the risk-based plan set out the:				
	a) Audit work to be carried out?	Y			In plan
	b) Respective priorities of those pieces of audit work?	Y			Highlighted in section 4 of the annual plan
	c) Estimated resources needed for the work?	Y			Section 4
<b>LGAN</b>	Does the risk-based plan differentiate between audit and other types of work?	Y			In "plan contingencies" section
<b>LGAN</b>	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	Y			Contingency time is built into the plan
	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	Y			Reports on progress against the plan on a quarterly basis – should an urgent need to change priorities arise, agreement is sought to delay delivery of pre-planned work in the following audit year, if necessary.
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	Y			Given in the annual audit plan at section 4
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	Y			Re-assessed at plan development stage
<b>LGAN</b>	In developing the risk-based plan, has the CAE also considered the following:				
	a) Any declarations of interest (for	Y			Dealt with by appropriate allocation of assignments

Ref	Conformance with the Standard	Y	P	N	Evidence
	the avoidance for conflicts of interest)?				
	b) The requirement to use specialists, eg IT or contract and procurement auditors?	Y			Dealt with as part of work allocation within the team
	c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary?	Y			Contingency is built into the plan - estimates are based on experience built up in previous years
	d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	Y			The time allocated to each audit is based on the complexity of each area of review and performance against time estimates is reported to the Audit & Accounts Committee on a quarterly basis.
	Is the input of senior management and the board considered in the risk assessment process?	Y			Drawn up following discussions with senior management
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	Y			Drawn up following discussions with senior management
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	Y			Prioritised on basis of risk – see Plan – approach to planning section
	Are consulting engagements that have been accepted included in the risk-based plan?	Y			All work is included in the plan – see detailed plan in section 4
	<b>2020 Communication and Approval</b>				
	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	Y			Taken to Audit & Accounts Committee 27/3/2013
	Has the CAE communicated any	Y			Significant changes have not occurred, but would be reported

Ref	Conformance with the Standard	Y	P	N	Evidence
	significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?				with progress during quarterly updates as these would affect delivery of the agreed plan.
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	Y			See plan section 2 – Audit Resources.
	<b>2030 Resource Management</b>				
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	Y			Annual plan section 2
<b>LGAN</b>	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	Y			Timing of engagements is negotiated with clients at the start of the audit year
<b>LGAN</b>	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.	Y			There is a continual monitoring of resources to work plan and this is reported in the quarterly progress report. (Annual plan section 1)
	<b>2040 Policies and Procedures</b>				
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	Y			The Audit manual is regularly updated and available on-line to all staff
<b>LGAN</b>	Has the CAE established policies and procedures to guide staff in performing their duties in a manner than conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.	Y			The Audit manual is regularly updated and available on-line to all staff The Audit management system is also on-line
<b>LGAN</b>	Are the policies and procedures regularly reviewed and updated to	Y			The audit manual is updated frequently

Ref	Conformance with the Standard	Y	P	N	Evidence
	reflect changes in working practices and standards?				
	<b>2050 Coordination</b>				
	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	Y			There was a call-off contract in place to pull in additional resources should this be necessary.
<b>LGAN</b>	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?			N	Scheduled for Jan 14 to March 14.
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	Y			Works closely with External Auditors and, when necessary, the Auditors supplying additional cover
<b>LGAN</b>	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	Y			Works closely with External Auditors
	<b>2060 Reporting to Senior Management and the Board</b>				
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	Y			Quarterly reports submitted
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	Y			Within quarterly reports
	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by	Y			Content of quarterly reports discussed with Strategic Director of Resources



Ref	Conformance with the Standard	Y	P	N	Evidence
	senior management or the board?				
	<b>2070 External Service Provider and Organisational Responsibility for Internal Auditing</b>				
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	Y			Included in annual "Effectiveness of internal Audit" report
<b>4.2</b>	<b>2100 Nature of Work</b>				
	Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	Y			Annual Audit plan sections 1 and 2
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	Y			Covering report for annual plan (Audit & Accounts committee meeting 27/3/2013) shows that all areas are planned for coverage at least once every 5 years, with areas of higher concern more frequently. This approach can be proved by comparison of the audit plans across multiple years.
	<b>2110 Governance</b>				
	Does the internal audit activity:				
	a) Promote appropriate ethics and values within the organisation?	Y			Included in the controls assessed with each engagement
	b) Ensure effective organisational performance management and accountability?	Y			As above
	c) Communicate risk and control information to appropriate areas of the organisation?	Y			Audit reports are issued to both senior and line management to allow for dissemination of knowledge relating to risks and controls, as well as being summarised for Members in quarterly reports
	d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	Y			Audit engagement reports are issued to management, summaries to members and External audit receive copies of reports on request, as well as having access to members reports

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	Y			This is included in reports
	Has the internal audit activity evaluated the:				
	a) design	Y			
	b) implementation, and	Y			
	c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	Y			Regular audit assignments re corporate governance
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	Y			This has been subject to an audit assignment
<b>LGAN</b>	Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan?	Y			Included in scope within plan
	<b>2120 Risk Management</b>				
	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that:				
	a) Organisational objectives support and align with the organisation's mission?	Y			Subject to an audit assignment
	b) Significant risks are identified and assessed?	Y			Subject of an audit assignment
	c) Appropriate risk responses are selected that align risks with the organisation's risk appetite?	Y			Covered by an audit assignment

Ref	Conformance with the Standard	Y	P	N	Evidence
	d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?	Y			Risk assessments are carried out as part of each assignment
	Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the:				
	a) Achievement of the organisation's strategic objectives?	Y			Considered as part of the audit assignment
	b) Reliability and integrity of financial and operational information?	Y			Subject to annual audit
	c) Effectiveness and efficiency of operations and programmes?	Y			Considered as part of the audit assignments
	d) Safeguarding of assets?	Y			Included in audit assignments
	e) Compliance with laws, regulations, policies, procedures and contracts?	Y			Included in audit assignments
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	Y			Anti-fraud and corruption measures have been assessment as an audit assignment
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	Y			This is included in consultancy assignments
	Are internal auditors alert to other significant risks when undertaking consulting engagements?	Y			This is included in consultancy assignments
	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	Y			This is specifically included in the Terms of Reference section 1.11.2

Ref	Conformance with the Standard	Y	P	N	Evidence
	<b>2130 Control</b>				
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the:				
	a) Achievement of the organisation's strategic objectives?	Y			Forms part of the audit assessment during assignments
	b) Reliability and integrity of financial and operational information?	Y			Subject to annual assignment
	c) Effectiveness and efficiency of operations and programmes?	Y			Considered as part of the audit assignments
	d) Safeguarding of assets?	Y			Included in audit assignments
	e) Compliance with laws, regulations, policies, procedures and contracts?	Y			Included in audit assignments
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	Y			Information relating to individual assignments is shared amongst auditors within the team
<b>4.3</b>	<b>2200 Engagement Planning</b>				
	Do internal auditors develop and document a plan for each engagement?	Y			Scope is drawn up at the start of each assignment and recorded in the Job Control Sheet
	Does the engagement plan include the engagement's:				
	a) Objectives?	Y			See Job Control sheet
	b) Scope?	Y			See job control sheet
	c) Timing?	Y			Time period allocated at planning stage
	d) Resource allocations?	Y			Resources allocated at planning stage
	Do internal auditors consider the following in planning an engagement, and is this documented:				

Ref	Conformance with the Standard	Y	P	N	Evidence
	a) The objectives of the activity being reviewed?	Y			Information is gathered at opening meeting
	b) The means by which the activity controls its performance?	Y			Systems notes are part of the audit file
	c) The significant risks to the activity being audited?	Y			Information is gathered throughout the opening meeting and a risk assessment is carried out at the start of the assignment
	d) The activity's resources?	Y			Gathered at opening meeting
	e) The activity's operations?	Y			Gathered at opening meeting if not already known
	f) The means by which the potential impact of risk is kept to an acceptable level?	Y			Gathered during the audit assignment
	g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model?	Y			Use of CIPFA or Grace controls to establish expectations
	h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	Y			This forms part of the assignment – it is an expected outcome of an audit engagement
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following:				
	a) Objectives?	Y			The same process would be followed as for an audit within the organisation
	b) Scope?	Y			As above
	c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?	Y			As above

Ref	Conformance with the Standard	Y	P	N	Evidence
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following:				
	a) Objectives?	Y			The same process would be followed as for an audit within the organisation
	b) Scope?	Y			As above
	c) The respective responsibilities of the internal auditors and the client and other client expectations?	Y			As above
	For significant consulting engagements, has this understanding been documented?	Y			The same process would be followed as for an audit within the organisation
	<b>2210 Engagement Objectives</b>				
	Have objectives been agreed for each engagement?	Y			Documented in job control sheet
	Have internal auditors carried out a preliminary risk assessment of the activity under review?	Y			Risk assessment carried out for each audit
	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	Y			Risk assessment informs the focus of the audit being carried out
	Have internal auditors considered the probability of the following, when developing the engagement objectives:				
	a) Significant errors?	Y			Factored in the risk assessment
	b) Fraud?	Y			As above
	c) Non-compliance?	Y			As above
	d) Any other risks?	Y			As above
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?	Y			Discussed in setting the plan/individual audit.

Ref	Conformance with the Standard	Y	P	N	Evidence
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	Y			
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?			N	
<b>LGAN</b>	If the value for money criteria have been referred to, has the use of all the organisation's main types of resources been considered; including money, people and assets?	Y			There is a specific VFM methodology
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	Y			As discussed in the consultation process
	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	Y			This would be established at the outset of the consulting process
	<b>2220 Engagement Scope</b>				
	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	Y			The scope of each assignment is discussed with senior management at the outset
	Does the engagement scope include consideration of the following relevant areas of the organisation:				
	a) Systems?	Y			Discussed at the opening meeting and forms part of the audit programme
	b) Records?	Y			As above
	c) Personnel?	Y			As above
	d) Premises?	Y			As above
	Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate:				

Ref	Conformance with the Standard	Y	P	N	Evidence
	a) Systems?	Y			Discussed at the opening meeting and forms part of the audit programme
	b) Records?	Y			As above
	c) Personnel?	Y			As above
	d) Premises?	Y			As above
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	Y			Where the nature of the assignment changes, or an additional area of work is required, this is documented and agreed to by the client
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant <b>consulting Standards?</b>			N	Consulting Standards still need to be finalised. (Dec 13)
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	Y			The scope of each assignment is discussed with senior management at the outset
	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?	Y			Where the nature of the assignment changes, or an additional area of work is required, this is documented and agreed to by the client
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	Y			The controls in place have to be assessed as part of the consultation
	During consulting engagements, were internal auditors alert to any significant control issues?	Y			the identification of control issues forms part of the resulting consultation report.
	<b>2230 Engagement Resource Allocation</b>				



Ref	Conformance with the Standard	Y	P	N	Evidence
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on:				
	a) The nature and complexity of each individual engagement?	Y			This is established at the planning stage, such that sufficient resources are provided based on the nature of the task in hand
	b) Any time constraints?	Y			As above
	c) The resources available?	Y			As above
	<b>2240 Engagement Work Programme</b>				
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	Y			For frequently completed audits there are workbooks in place for reference/use
	Do the engagement work programmes include the following procedures for:				
	a) Identifying information?	Y			Guidance is available from reference to previous audits and by reference to colleagues / managers
	b) Analysing information?	Y			As above
	c) Evaluating information?	Y			As above
	d) Documenting information?	Y			As above
	Were work programmes approved prior to implementation for each engagement?	Y			Work programmes are established at the start of each engagement
	Were any adjustments required to work programmes approved promptly?	Y			No such instances have occurred but if they had, a signature to confirm changes would be sought from the client
<b>4.4</b>	<b>2300 Performing the Engagement</b>				
	Have internal auditors carried out the following in order to achieve each engagement's objectives:				
	a) Identify sufficient information?	Y			Each assignment is subject to a 2 stage quality check, which checks that sufficient work in this area has been carried out.
	b) Analyse sufficient information?	Y			As above

Ref	Conformance with the Standard	Y	P	N	Evidence
	c) Evaluate sufficient information?	Y			As above
	d) Document sufficient information?	Y			As above
	<b>2310 Identifying Information</b>				
	Have internal auditors identified the following in order to achieve each engagement's objectives:				
	a) Sufficient information?	Y			Each assignment is subject to a 2 stage quality check, which checks that sufficient work in this area has been carried out.
	b) Reliable information?	Y			As above
	c) Relevant information?	Y			As above
	d) Useful information?	Y			As above
	<b>2320 Analysis and Evaluation</b>				
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	Y			Each assignment is subject to a 2 stage quality check, which checks that sufficient work in this area has been carried out.
<b>LGAN</b>	Have internal auditors remained alert to the possibility of the following:				
	a) intentional wrongdoing				
	b) errors and omissions				
	c) poor value for money				
	d) failure to comply with management policy, and				
	e) conflicts of interest				
	when performing their individual audits, and has this been documented?	Y			These are all elements which are the subject of tests and checks within each audit and advice and guidance on these areas is provided in the audit manual
	<b>2330 Documenting Information</b>				
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	Y			Each audit produces a comprehensive file documenting the grounds for the conclusions and results it arrives at.
<b>LGAN</b>	Are working papers sufficiently	Y			This is part of the quality checking process

Ref	Conformance with the Standard	Y	P	N	Evidence
	complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?				
	Does the CAE control access to engagement records?	Y			Audit files are kept on an auditor-access only part of the server
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	Y			Senior management in respect of release of reports to External Auditors. Legal advice re the release of reports to Police.
	Has the CAE developed and implemented retention requirements for all types of engagement records?	Y			The requirement for the retention of audit files and the time periods applied is in the Audit manual
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	Y			The DCC document retention schedule applies to CMAP files
	<b>2340 Engagement Supervision</b>				
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	Y			Supervisory structure is in place, with monthly meetings where progress can be monitored
	Is appropriate evidence of supervision documented and retained for each engagement?	Y			Within files there is a record (review record sheet) and the monthly meetings are annotated and retained.
<b>4.5</b>	<b>2400 Communicating Results</b>				
	Do internal auditors communicate the results of engagements?	Y			This is done in 3 stages, at the closing meeting the client has the opportunity to challenge findings, at "draft" stage the client can submit alternative resolutions to the issues identified, and at final stage a summary of both the auditors findings and the agreed actions is provided.
	<b>2410 Criteria for Communicating</b>				
	Do the communications of engagement results include the following:				

Ref	Conformance with the Standard	Y	P	N	Evidence
	a) The engagement's objectives?	Y			Part of the report
	b) The scope of the engagement?	Y			Part of the report
	c) Applicable conclusions?	Y			Part of the report
	d) Recommendations and action plans, if appropriate?	Y			Part of the report
<b>LGAN</b>	Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	Y			This is carried out in the closing meeting prior to the issue of the draft report
<b>LGAN</b>	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	Y			Each recommendation is given a priority , low, moderate, significant and critical
<b>LGAN</b>	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	Y			Part of the report
<b>LGAN</b>	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?	Y			Management have the option to "accept the risk" but these are reported to members in the quarterly report
<b>LGAN</b>	Do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements?	Y			Details to support the findings are provided within the reports
<b>LGAN</b>	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment?	Y			The Annual opinion report draws on the opinions and conclusions for each report concluded during that year

Ref	Conformance with the Standard	Y	P	N	Evidence
	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	Y			Opinions / conclusions are issued on the assumption that recipients expect an independent, accurate and honest appraisal of the subject in hand.
	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	Y			Details are given in respect of each recommendation and these form the basis of the calculation of the overall opinion
	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	Y			Where satisfactory performance has been found, this is acknowledged within the body of the report
	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	Y			Only released to external audit.
<b>LGAN</b>	If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?	Y			
	<b>2420 Quality of Communications</b>				
	Are communications:				
	a) Accurate?	Y			For each assignment a client satisfaction survey is issued, seeking client feedback on these areas.
	b) Objective?	Y			For each assignment a client satisfaction survey is issued, seeking client feedback on these areas.
	c) Clear?	Y			For each assignment a client satisfaction survey is issued, seeking client feedback on these areas.
	d) Concise?	Y			For each assignment a client satisfaction survey is issued, seeking client feedback on these areas.
	e) Constructive?	Y			For each assignment a client satisfaction survey is issued, seeking client feedback on

Ref	Conformance with the Standard	Y	P	N	Evidence
					these areas.
	f) Complete?	Y			For each assignment a client satisfaction survey is issued, seeking client feedback on these areas.
	g) Timely?	Y			For each assignment a client satisfaction survey is issued, seeking client feedback on these areas.
	<b>2421 Errors and Omissions</b>				
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	Y			This has not occurred but should an error be found after communication, this would be rectified and the relevant parties notified
	<b>2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'</b>				
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?			N	QAIP not yet in place - 2014
	<b>2431 Engagement Disclosure of Nonconformance</b>				
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following:				
	a) The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved?				No instances have occurred
	b) The reason(s) for non-conformance?				No instances have occurred
	c) The impact of non-conformance on the engagement and the engagement results?				No instances have occurred
	<b>2440 Disseminating Results</b>				

Ref	Conformance with the Standard	Y	P	N	Evidence
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	Y			Audit reports are issued to the relevant senior management, line management and the Strategic Director of Resources. They are not published but the quarterly progress report is available on the CMIS system
	Has the CAE communicated engagement results to all appropriate parties?	Y			Each report is issued to relevant parties and a summary of findings is taken to members on a quarterly basis
	Before releasing engagement results to parties outside the organisation, did the CAE:				
	a) Assess the potential risk to the organisation?	Y			Results are only ever shared with External Audit, or, in the case of investigations, the Police
	b) Consult with senior management and/or legal counsel as appropriate?	Y			This would be done on a case-by-case basis
	c) Control dissemination by restricting the use of the results?	Y			Results are only ever shared with External Audit, or, in the case of investigations, the Police
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	Y			Where consulting engagements identify any issues an audit would be recommended within the standard reporting framework
	<b>2450 Overall Opinion</b>				
	Has the CAE delivered an annual internal audit opinion?	Y			Taken to Audit & Accounts Committee 20/6/2013
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	Y			Annual audit opinion report para 4.3
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	Y			The annual opinion should be, and is, completely independent of the expectation of third parties
	Is the annual internal audit opinion supported by sufficient, reliable,	Y			The "basis for opinion" is supported by a calculation methodology which is

Ref	Conformance with the Standard	Y	P	N	Evidence
	relevant and useful information?				reported to members
	Does the communication identify the following:				
	a) The scope of the opinion, including the time period to which the opinion relates?	Y			Each report covers a separate financial year
	b) Any scope limitations?	Y			Each report notes that absolute assurance cannot be given (para 4.4)
	c) The consideration of all related projects including the reliance on other assurance providers?	Y			The report states that it is based on the work of the Internal Audit team. Other assurance providers had not been involved in the periods examined
	d) The risk or control framework or other criteria used as a basis for the overall opinion?	Y			The opinion is compiled with reference to all the individual audit assignments during the year, and for each assignment a risk assessment is carried out.
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	Y			This has not occurred to date
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	Y			Cross referenced in the Annual Governance Statement which is signed by the Chief Executive and Leader of the Council
	Does the annual report incorporate the following:				
	a) The annual internal audit opinion?	Y			See report taken to audit & Accounts committee 26/6/2013
<b>LGAN</b>	b) A summary of the work that supports the opinion?	Y			Appendix 2 is the annual report which summarised internal audit work during the year
<b>LGAN</b>	c) A disclosure of any qualifications to the opinion?	Y			If there were qualifications these would be included
<b>LGAN</b>	d) The reasons for any qualifications to the opinion?	Y			If there were, these would be included
<b>LGAN</b>	e) A disclosure of any impairments or restriction in scope?	Y			If there were, these would be included
<b>LGAN</b>	f) A comparison or work actually	Y			This is one of the performance measures



Ref	Conformance with the Standard	Y	P	N	Evidence
	carried out with the work planned?				
	g) A statement on conformance with the PSIAS?	Y			The need to conform with PSIAS from 2013/14 was noted in the Annual Governance Statement Governance Work Plan for 2013/14 and will be included in the 2013/14 HOA opinion report
<b>LGAN</b>	h) The results of the QAIP?			N	Will not be included until the 2013/14 Annual Report (due April 2014)
<b>LGAN</b>	i) Progress against any improvement plans resulting from the QAIP?				N/A
<b>LGAN</b>	j) A summary of the performance of the internal audit activity against its performance measures and targets?	Y			Performance measures are included in the annual report (pages 6 and 7)
	k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	Y			The format of the report is not set so the CAE is able to include issues as they arise.
<b>4.6</b>	<b>2500 Monitoring Progress</b>				
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?	Y			There is a follow-up process established where agreed actions for recommendations all have a "due date". These details are recorded in the Audit management system and reminders are generated from the system.
	Where issues have during the follow-up process, has the CAE considered revising the internal audit opinion?	Y			No such instances have occurred, but if they did the CAE would include this in their opinion report
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	Y			Failure to implement agreed actions is included as part of the risk assessment which in turn informs the audit plan.
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?				No such instances have occurred.
<b>4.7</b>	<b>2600 Communicating the Acceptance of Risks</b>				
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the	Y			All "accept risk" issues are included in Final report which is copied to senior management

Ref	Conformance with the Standard	Y	P	N	Evidence
	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?	Y			“accept risk” instances are notified to the Audit Sub-Committee in both the quarterly progress report (on a recommendation – by – recommendation basis) and in the annual report as overall departmental totals.