

Questions to consider			Evidence / comments
1 Mission of Internal Audit			
Based on your review of conformance with other requirements of the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), does the internal audit activity aspire to accomplish the Mission of Internal Audit as set out in the PSIAS?			✓ Arrangements set out within Internal Audit Charter. Annual Audit Plan and Opinion.
<i>To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.</i>			
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
2 Definition of Internal Auditing			
Based on your review of conformance with other requirements of the PSIAS and LGAN, is the internal audit activity independent and objective?			✓ Arrangements set out within Internal Audit Charter. Financial Procedure Rules.
CONFORMS	PARTIAL	NOT CONFORMING	
Based on your review of conformance with other requirements of the PSIAS and LGAN, 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?			✓ The Internal Audit Manual and associated procedures
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
3 Core Principles			
The Core Principles, taken as a whole, articulate internal audit effectiveness, and provide a basis for considering whether the review of conformance with the attribute standards and performance standards reflects full conformance, partial conformance or non-conformance with the PSIAS and the Local Government Application Note. In making this assessment, the assessor should have regard to positive evidence of conformance or non-conformance and the lack of evidence of non- conformance where positive evidence is difficult to obtain.			
Where there are instances of partial conformance or non-conformance in particular areas, you may need to make a judgment having regard to materiality and other factors in order to form a view on whether the internal audit activity CONFORMS with a particular Core Principle. Any such judgments should be highlighted and explained.			
Demonstrates integrity.			✓ All members of IA team professionally qualified and comply with awarding bodies Code of Ethics. Staff declarations. Register of Interest
Having regard to your review of conformance with the Code of Ethics (Integrity, Seven Principles of Public Life), do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by demonstrating integrity?			
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
Demonstrates competence and due professional care.			<ul style="list-style-type: none">✓ Compliance with awarding bodies Code of Ethics✓ Specialist skills procured when required (ICT)✓ Experienced Audit Team✓ Audit Manual and procedures
Having regard to your review of conformance with the Code of Ethics (Competence, Confidentiality, Seven Principles of Public Life) and any other evidence from the review of conformance with Standards, do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by demonstrating competence and due professional care?			
CONFORMS	PARTIAL	NOT CONFORMING	
Is objective and free from undue influence (independent).			<ul style="list-style-type: none">✓ Internal Audit Charter✓ Annual Report and Opinion
Having regard to your review of conformance with the Code of Ethics (Objectivity, Seven Principles of Public Life) and any other evidence from the review of conformance with standards, do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by being objective and free from undue influence (independent)?			
CONFORMS	PARTIAL	NOT CONFORMING	
Aligns with the strategies, objectives, and risks of the organisation.			<ul style="list-style-type: none">✓ Risk assessment based upon current risks and objectives of the organization / service.✓ Internal Audit Plan compiled following consultation with Managers and risk analysis. Plan approved by Governance Committee
Based on your review of conformance with standards, do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by being aligned with the strategies, objectives, and risks of the organisation?			
CONFORMS	PARTIAL	NOT CONFORMING	
Is appropriately positioned and adequately resourced.			<ul style="list-style-type: none">✓ Organisational structure✓ Audit Plan incl resources
Based on your review of conformance with standards, do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by being appropriately positioned and adequately resourced?			
CONFORMS	PARTIAL	NOT CONFORMING	
Demonstrates quality and continuous improvement.			<ul style="list-style-type: none">✓ Internal Audit self-assessment reported to Governance Committee May 22 / May 23✓ Quality Assurance and Improvement programme.
Based on your review of conformance with standards, do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by demonstrating quality and continuous improvement?			
CONFORMS	PARTIAL	NOT CONFORMING	
Communicates effectively.			<ul style="list-style-type: none">✓ Reporting arrangements as set out within the Audit Charter.
Based on your review of conformance with standards, do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by communicating effectively?			
CONFORMS	PARTIAL	NOT CONFORMING	
Provides risk-based assurance.			

Based on your review of conformance with standards, do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by providing risk-based assurance, based on adequate risk assessment?			<div>✓ Annual risk assessment undertaken to inform annual plan.</div> <div>✓ Review of risk registers</div> <div>✓ Service Assurance statements</div> <div>✓ Corporate risk registers</div>
CONFORMS	PARTIAL	NOT CONFORMING	
<div>Is insightful, proactive, and future-focused.</div> <div>Based on your review of conformance with standards, do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by being insightful, proactive, and future-focused?</div>			<div>✓ Internal Audit involvement with project teams providing proactive advice and guidance on risk, governance and control (As per Internal Audit Plan).</div> <div>✓ New and emerging risks considered during the risk assessment and within each individual audit</div>
CONFORMS	PARTIAL	NOT CONFORMING	
<div>Promotes organisational improvement.</div> <div>Based on your review of conformance with standards, do you consider that the internal audit activity fully CONFORMS with the PSIAS and LGAN by promoting organisational improvement?</div>			<div>✓ CAE member of Senior Leadership Team and involvement with Corporate Governance Group</div> <div>✓ identification of key areas for improvement within the AGS following comprehensive review undertaken by IA.</div> <div>✓ Individual Internal Audit Reports</div>
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
4 Code of Ethics			
Integrity			
<p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display integrity by:</p> <ul style="list-style-type: none"> ■ Performing their work with honesty, diligence and responsibility? ■ Observing the law and making disclosures expected by the law and the profession? ■ Not knowingly partaking in any illegal activity nor engaging in acts that are discreditable to the profession of internal auditing or to the organisation? ■ Respecting and contributing to the legitimate and ethical objectives of the organisation? 			<ul style="list-style-type: none"> ✓ Quality Assurance and Improvement Programme ✓ Satisfaction surveys ✓ Audit Charter – responsibilities ✓ Signed Declaration of interests ✓ Code of Conduct ✓ Professional Code of Ethics ✓ Audit Manual
CONFORMS	PARTIAL	NOT CONFORMING	
Objectivity			
<p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display objectivity by:</p> <ul style="list-style-type: none"> ■ Not taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? ■ Not accepting anything that may impair or be presumed to impair their professional judgement? ■ Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review? 			<ul style="list-style-type: none"> ✓ Quality Assurance and Improvement Programme ✓ Satisfaction surveys ✓ Audit Charter – responsibilities ✓ Signed Declaration of interests ✓ Code of Conduct ✓ Professional Code of Ethics ✓ Audit Manual
CONFORMS	PARTIAL	NOT CONFORMING	
Confidentiality			
<p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display due respect and care by:</p> <ul style="list-style-type: none"> ■ Acting prudently when using information acquired in the course of their duties and protecting that information? ■ 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? 			<ul style="list-style-type: none"> ✓ Quality Assurance and Improvement Programme ✓ Satisfaction surveys ✓ Audit Charter – responsibilities ✓ Signed Declaration of interests ✓ Code of Conduct ✓ Professional Code of Ethics ✓ Audit Manual
CONFORMS	PARTIAL	NOT CONFORMING	

Competency			<ul style="list-style-type: none">✓ All members of IA team are professionally qualified.✓ Specialist skills procured when required (ICT)✓ Experienced Audit Team✓ On-going training and development (assessed through staff PDRs)
Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display competence by: <ul style="list-style-type: none">■ Only carrying out services for which they have the necessary knowledge, skills and experience?■ Performing services in accordance with the PSIAS?■ Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?			
CONFORMS	PARTIAL	NOT CONFORMING	

Seven Principles of Public Life			<ul style="list-style-type: none">✓ All members of IA team are professionally qualified and therefore comply with their awarding bodies Code of Ethics✓ Annual declarations of interest✓ Internal Audit Charter✓ Code of conduct
Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors, whether consciously or through conformance with organisational procedures and norms, have due regard to the Committee on Standards of Public Life’s <i>Seven Principles of Public Life</i> ?			
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
Standards			
5 Attribute Standards			
5.1 1000 Purpose, Authority and Responsibility			
The questions in this section seek to confirm that the purpose, authority and responsibility of the internal audit activity have been properly defined consistent with the PSIAS, formally approved in an internal audit charter and periodically reviewed.			
Does the internal audit charter conform with the PSIAS by including a formal definition of: ■ the purpose ■ the authority, and ■ the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?			Internal Audit Charter ✓ Purpose (section 1) ✓ Authority (section 4) ✓ Responsibilities (section 7)
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<p>Does the internal audit charter conform with the PSIAS by clearly and appropriately defining the terms 'board' and 'senior management' for the purposes of the internal audit activity?</p> <p>Note that it is expected that the Governance committee will fulfil the role of the board in the majority of instances.</p>			<p>✓ Internal Audit Charter (Section 3.2)</p>
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Does the internal audit charter also:</p> <ul style="list-style-type: none"> ■ Set out the internal audit activity's position within the organisation? ■ Establish the chief audit executive's (CAE) functional reporting relationship with the board? ■ Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively? Where applicable, this will need to encompass shared service or external providers of internal audit, and the role of the contract manager. ■ 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? ■ 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? ■ Define the scope of internal audit activities? ■ Recognise that internal audit's remit extends to the entire control environment of the organisation? ■ Establish the organisational independence of internal audit? ■ Cover the arrangements for appropriate resourcing? ■ Define the role of internal audit in any fraud-related work? ■ Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, requiring the CAE to be notified of all suspected or detected fraud, corruption or impropriety? ■ Include arrangements for avoiding conflicts of interest if internal audit or the CAE undertakes non-audit activities? ■ Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation? ■ Define the nature of consulting services? ■ Recognise the mandatory nature of the PSIAS? 			<p>Internal Audit Charter</p> <p>✓ Purpose (Section 1)</p> <p>✓ Reporting (section 5)</p> <p>✓ Organisational independence and objectivity (section 5)</p> <p>✓ Independence & Objectivity</p> <p>✓ Authority (section 4)</p> <p>✓ Scope & Responsibilities (section 6)</p> <p>✓ Scope & Responsibilities</p> <p>✓ Independence (section 5)</p> <p>✓ Responsibilities (section 7)</p> <p>✓ Scope of activities (section 6)</p> <p>✓ Independence & Objectivity</p> <p>✓ Scope & Responsibilities</p> <p>✓ Scope of Activities</p> <p>✓ Compliance with PSIAS (section 3)</p>
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
Does the CAE periodically review the internal audit charter and present it to senior management and the board for approval?			✓ Reviewed and presented to Governance Committee March 21 / March 22
CONFORMS	PARTIAL	NOT CONFORMING	
5.2 1100 Independence and Objectivity			
The questions in this section seek to confirm that the internal audit activity is independent and internal auditors are objective in performing their work.			
Does the CAE have direct and unrestricted access to senior management and the board?			✓ As per Internal Audit Charter
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 Governance committee?			✓ As per Internal Audit Charter
CONFORMS	PARTIAL	NOT CONFORMING	
Does the CAE attend Governance committee meetings?			✓ CAE attendance and participation at Governance committee meetings
Does the CAE contribute to Governance committee agendas?			
CONFORMS	PARTIAL	NOT CONFORMING	
Are threats to objectivity identified and managed at the following levels:			✓ Declaration of interests form
■ Individual auditor?			✓ Internal Audit Plan
■ Engagement?			✓ Internal Audit Charter (Independence)
■ Functional?			✓ Code of Conduct
■ Organisation?			✓ Code of Ethics
CONFORMS	PARTIAL	NOT CONFORMING	
1110 Organisational Independence			
This subsection seeks to confirm that 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.			
Does the CAE report to an organisational level equal or higher to the corporate management team?			✓ CAE reports to Director of Governance who is a member of the Shared Senior Management Team
Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?			✓ Internal Audit Charter (reporting and monitoring)
CONFORMS	PARTIAL	NOT CONFORMING	✓ Financial Procedure Rules ✓ Organisation structure

Questions to consider			Evidence / comments
<p>Does the CAE's position in the management structure:</p> <ul style="list-style-type: none"> ■ Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? ■ Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management? 			<ul style="list-style-type: none"> ✓ Audit Plan reported to and approved by Governance committee . ✓ All final reports and action plans agreed and issued to Directors. ✓ Internal Audit Charter ✓ Organisation Structure
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent?</p>			<ul style="list-style-type: none"> ✓ Annual Audit Report
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Is the organisational independence of internal audit realised by functional reporting by the CAE to the board?</p> <p>The 'Interpretation' to PSIAS 1110 provides examples of factors which may indicate that the CAE reports functionally to the Board, which include where the board:</p> <ul style="list-style-type: none"> ■ approves the internal audit charter ■ approves the risk-based audit plan ■ approves the internal audit budget and resource plan ■ receives communications from the CAE on the activity's performance (in relation to the plan, for example) ■ approves decisions relating to the appointment and removal of the CAE ■ approves the remuneration of the CAE ■ seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations. <p>The Public Sector Interpretation to PSIAS 1110 notes that board approval of CAE remuneration does not generally happen in the UK public sector, and that the underlying principle is therefore that the independence of the CAE must be safeguarded by ensuring that their remuneration or performance assessment is not inappropriately influenced by those subject to audit.</p> <p>EQA assessors should therefore consider whether adequate steps are taken to safeguard the independence of the CAE by ensuring that remuneration or performance assessment is not inappropriately influenced by those subject to audit. This might for example reflect some involvement of the chief executive in the performance assessment process or feedback from the Governance committee chair.</p>			<p>Reports to Governance Committee incl:</p> <p>Audit Plan (March 22 & September 22)</p> <p>Audit Charter (March 22)</p> <p>Audit Plan resources.</p> <p>Audit Interim reports (Sept/ Nov / Jan)</p> <p>Annual report incl opinion</p>
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<i>1111 Direct Interaction with the Board</i>			
Does the CAE communicate and interact directly with the board?			<div>✓ As per Internal Audit Charter</div> <div>✓ Governance committee meetings and minutes / Chairs Brief</div> <div>✓ Ad-hoc meetings</div> <div>✓ All reports in Head of Service name</div>
CONFORMS	PARTIAL	NOT CONFORMING	
<i>1112 Chief Audit Executive Roles Beyond Internal Auditing</i>			
Where the CAE has roles or responsibilities that fall outside of internal auditing, are adequate safeguards in place to limit impairments to independence or objectivity?			<div>✓ Internal Audit Charter includes safeguards</div>
Does the board periodically review these safeguards?			
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
1112 Chief Audit Executive Roles Beyond Internal Auditing			
Where the CAE has roles or responsibilities that fall outside of internal auditing, are adequate safeguards in place to limit impairments to independence or objectivity?			<ul style="list-style-type: none">✓ Internal Audit Charter includes safeguards✓ Internal Audit periodically reviewed and approved by Governance Committee
Does the board periodically review these safeguards?			
CONFORMS	PARTIAL	NOT CONFORMING	
1120 Individual Objectivity			
Do internal auditors have an impartial, unbiased attitude?			<ul style="list-style-type: none">✓ Professional Code of Ethics✓ Internal Audit Charter✓ Satisfaction survey at end of each audit would likely indicate any difficulties✓ Officer declarations
CONFORMS	PARTIAL	NOT CONFORMING	
Do internal auditors avoid any conflict of interest, whether apparent or actual?			<ul style="list-style-type: none">✓ Signed declaration of interests✓ Professional code of ethics
CONFORMS	PARTIAL	NOT CONFORMING	
1130 Impairment to Independence or Objectivity			
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)?			<ul style="list-style-type: none">✓ Internal Audit Charter
CONFORMS	PARTIAL	NOT CONFORMING	
Does review indicate that work allocations have operated so that internal auditors have not assessed specific operations for which they have been responsible within the previous year?			<ul style="list-style-type: none">✓ Internal Audit Charter✓ Staff are experienced auditors and have had no operational responsibilities
CONFORMS	PARTIAL	NOT CONFORMING	
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?			<ul style="list-style-type: none">✓ Review of Risk Management undertaken by external 3rd party to maintain independence
CONFORMS	PARTIAL	NOT CONFORMING	
Is the risk of over-familiarity or complacency managed effectively: for example by rotating assignments for ongoing assurance engagements and other audit responsibilities periodically within the internal audit team?			<ul style="list-style-type: none">✓ Allocation of work based on skills, knowledge and experience of audit team, where possible responsibilities and assurance engagements are periodically rotated.
CONFORMS	PARTIAL	NOT CONFORMING	
Have internal auditors declared interests in accordance with organisational requirements?			<ul style="list-style-type: none">✓ Signed declaration of interests forms.

CONFORMS	PARTIAL	NOT CONFORMING	
Questions to consider			Evidence / comments
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?			✓ None offered or accepted, however, process covered within Code of Conduct
CONFORMS	PARTIAL	NOT CONFORMING	
Does review indicate that no instances have been identified where an internal auditor has used information obtained during the course of duties for personal gain?			✓ None identified
CONFORMS	PARTIAL	NOT CONFORMING	
Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?			✓ Declaration of Interests signed by auditors ✓ Professional Code of Ethics
CONFORMS	PARTIAL	NOT CONFORMING	
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?			✓ No impairment of independence or objectivity noted
CONFORMS	PARTIAL	NOT CONFORMING	
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?			✓ Any significant changes to the approved audit plan would be reported to the Governance committee for approval
CONFORMS	PARTIAL	NOT CONFORMING	

5.3 1200 Proficiency and Due Professional Care			
This section seeks to confirm that engagements are performed with proficiency and due professional care, having regard to the skills and qualifications of the CAE and their staff, and how they exercise their capability in practice.			
1210 Proficiency			
Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?			✓ CMIIA ✓ Service Lead JD
Is the CAE suitably experienced?			✓ 10 years Head of Audit experience
CONFORMS	PARTIAL	NOT CONFORMING	
Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?			✓ CAE fully responsible for recruitment.
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?			✓ Up to date Job descriptions and person specifications e.g. Senior Auditor and Auditor posts
CONFORMS	PARTIAL	NOT CONFORMING	
Having regard to the answers to the other questions in this section and other matters, does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?			✓ Through in-house, external training courses, networking.
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?			✓ Specialist skills for ICT audit bought in.
CONFORMS	PARTIAL	NOT CONFORMING	
Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?			✓ All auditors sufficiently experienced.
			✓ Internal Audit procedures clearly specify the need to consider fraud risks.
CONFORMS	PARTIAL	NOT CONFORMING	
Do internal auditors have sufficient knowledge of key information technology risks and controls?			✓ Staff have a general knowledge.
			✓ Specialist ICT service is bought in for specific audits.
CONFORMS	PARTIAL	NOT CONFORMING	
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?			✓ Staff trained in use of IDEA. Used primarily in Payroll and Creditors work.
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
1220 Due Professional Care			
<p>Do internal auditors exercise due professional care by considering the:</p> <ul style="list-style-type: none"> ■ Extent of work needed to achieve the engagement's objectives? ■ Relative complexity, materiality or significance of matters to which assurance procedures are applied? ■ Adequacy and effectiveness of governance, risk management and control processes? ■ Probability of significant errors, fraud, or non-compliance? ■ Cost of assurance in relation to potential benefits? <p>In doing the above, internal auditors must also consider how technology-based audit and other data analysis techniques can provide assurance.</p>			<ul style="list-style-type: none"> ✓ Discussed and agreed with auditee / Engagement Plan ✓ Testing of controls to mitigate risks as part of audit work ✓ Through core audit work ✓ Management actions considered for practicality of implementation and discussed with auditee prior to agreement
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Do internal auditors exercise due professional care during a consulting engagement by considering the:</p> <ul style="list-style-type: none"> ■ Needs and expectations of clients, including the nature, timing and communication of engagement results? ■ Relative complexity and extent of work needed to achieve the engagement's objectives? ■ Cost of the consulting engagement in relation to potential benefits? 			As above
CONFORMS	PARTIAL	NOT CONFORMING	

1230 Continuing Professional Development			
<p>Has the CAE defined the skills and competencies for each level of auditor?</p> <p>and</p> <p>Does the CAE periodically assess individual auditors against the predetermined skills and competencies?</p>			<ul style="list-style-type: none"> ✓ Job description for Senior Auditor and Auditor ✓ Staff Performance development reviews regularly undertaken ✓ Regular 1-1 discussions are held with each Auditor to discuss performance / progress against reviews etc.
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Do internal auditors undertake a programme of continuing professional development?</p> <p>and</p> <p>Do internal auditors maintain a record of their professional development and training activities?</p>			<ul style="list-style-type: none"> ✓ Work undertaken and on-going training helps to ensure requirements for CPD are met. ✓ The Corporate Learning Hub is utilized to hold all training data.
CONFORMS	PARTIAL	NOT CONFORMING	

5.4 1300 Quality Assurance and Improvement Programme			
The questions in this section seek to confirm that the CAE has developed and maintained a Quality Assurance and Improvement Programme (QAIP) through which conformance with the PSIAS can be and is properly assessed.			
<p>Has the CAE developed a QAIP that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?</p> <p>Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?</p> <p>Does the CAE maintain the QAIP?</p> <p>Are any statutory requirements for review of the internal audit activity satisfied?</p>			<ul style="list-style-type: none"> ✓ Quality Assurance and Improvement Programme (QAIP) in place including performance indicators and quality control of audit work. ✓ QAIP periodically reviewed. ✓ Referenced in Review of Effectiveness of Internal Audit to Governance Committee (May 23)
CONFORMS	PARTIAL	NOT CONFORMING	
1310 Requirements of the Quality Assurance and Improvement Programme			
Does the QAIP include both internal and external assessments?			✓ Specified in the QAIP
CONFORMS	PARTIAL	NOT CONFORMING	
1311 Internal Assessments			
Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?			<ul style="list-style-type: none"> ✓ Reviews allocated on a quarterly basis and monitored through regular discussions with individual auditors ✓ Specified in the QAIP
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Do internal assessments include ongoing monitoring of the internal audit activity, such as:</p> <ul style="list-style-type: none"> ■ Routine quality monitoring processes? ■ Periodic assessments for evaluating conformance with the PSIAS? 			<ul style="list-style-type: none"> ✓ CAE or Senior Auditor reviews each audit assignment and reports ✓ PSIAS checklist used for Annual Review of Effectiveness of IA ✓ Specified in the QAIP
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<p>Does ongoing performance monitoring contribute to quality improvement through the effective use of performance targets?</p> <ul style="list-style-type: none"> ■ Is there a set of comprehensive targets which between them encompass all significant internal audit activities? ■ Are the performance targets developed in consultation with appropriate parties and included in any service level agreement? ■ Does the CAE measure, monitor and report on progress against these targets? ■ Does ongoing performance monitoring include obtaining stakeholder feedback? 			<ul style="list-style-type: none"> ✓ Targets approved by Governance committee March 2022 ✓ Agreed part of Business planning ✓ To be included with every progress report to Governance committee ✓ Satisfaction survey issued following each review ✓ Review progress monitored at regular 121s ✓ Time Management System
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices?</p> <p>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.</p>			<ul style="list-style-type: none"> ✓ Annual Self Assessments carried out by CAE ✓ Memorandum of understanding sets out criteria for external assessment carried out by Lancashire Heads of Audit (Peer review)
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?</p>			<ul style="list-style-type: none"> ✓ Reported to Governance committee in each progress report
CONFORMS	PARTIAL	NOT CONFORMING	
1312 External Assessments			
<p>Has an external assessment been carried out, or is one planned to be carried out, at least once every five years?</p> <p>Has the CAE discussed the alternative approaches to external assessment with the board? This should reflect the relative costs of the different approaches, the potential advantages of an external viewpoint, and whether there are factors which might be considered to warrant a demonstrably independent assessment.</p>			<ul style="list-style-type: none"> ✓ External peer review carried out April 2018. ✓ Governance committee Report June 2018. ✓ Next external peer review planned for 2023
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<p>Has the CAE properly discussed the qualifications and independence of the assessor or assessment team with the board?</p> <p>In doing this, the CAE should consider whether the assessor or assessment team has demonstrated its competence in both the professional practice of internal auditing <i>and</i> the external assessment process. Competence can be demonstrated through both experience and theoretical learning. Experience of similar organisations or sectors is more valuable than less relevant experience. In the case of an assessment team, not all members need to have all the competencies – it is the team as a whole that is qualified.</p> <p>If the capability of the assessor or assessment team is not immediately obvious, the CAE should document how they used professional judgement to decide whether this is sufficient to carry out the external assessment.</p> <p>If the assessor or assessment team has any real or apparent conflicts of interest with the organisation, this should be clearly explained to the board, and safeguards should be put in place to minimise the effect of this on the conduct of the external assessment.</p> <p>Conflict of interest 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.</p>			<ul style="list-style-type: none"> ✓ Peer Review teams are all Lancashire Heads of Audit and any impairments will be taken into account by the Sub Group who appoint the reviewers for each authority. ✓ Use of Lancashire Peer Review process agreed with the Governance Committee
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the Governance committee, the CFO or the chief executive?</p> <p>The CAE should also agree this scope with the external assessor or assessment team.</p>			<ul style="list-style-type: none"> ✓ Memorandum of Understanding in place.
CONFORMS	PARTIAL	NOT CONFORMING	
1320 Reporting on the Quality Assurance and Improvement Programme			
<p>Has the CAE reported the results of the QAIP to senior management and the board?</p> <p>Note that:</p> <ul style="list-style-type: none"> ■ the results of both external and periodic internal assessment must be communicated upon completion ■ the results of ongoing monitoring must be communicated at least annually ■ 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. 			<ul style="list-style-type: none"> ✓ Review of the effectiveness of Internal Audit reported to Governance Committee (May 23) ✓ On-going monitoring included in interim reports to Governance Committee and Corporate Governance Group throughout the year including performance indicators.
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?			✓ Head of Audit Annual Report May 21 / May 22 / May 23
CONFORMS	PARTIAL	NOT CONFORMING	
1321 Use of 'CONFORMS with the International Standards for the Professional Practice of Internal Auditing'			
Has the CAE stated that the internal audit activity CONFORMS with the PSIAS only if the results of the QAIP support this?			✓ Included within every Internal Audit Report
CONFORMS	PARTIAL	NOT CONFORMING	
1322 Disclosure of Non-conformance			
Has the CAE reported any instances of non-conformance with the PSIAS to the board?			✓ Annual Report
CONFORMS	PARTIAL	NOT CONFORMING	
If appropriate, has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?			Not applicable
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
6 Performance Standards			
6.1 2000 Managing the Internal Audit Activity			
<p>The questions in this section seek to confirm that the internal audit activity's work achieves the purposes and responsibility of the activity, as set out in the internal audit charter, and that the internal audit activity adds value to the organisation and its stakeholders by:</p> <ul style="list-style-type: none"> ■ providing objective and relevant assurance ■ contributing to the effectiveness and efficiency of the governance, risk management and internal control processes. 			
2010 Planning			
<p>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?</p> <p>Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?</p> <p>Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of:</p> <ul style="list-style-type: none"> ■ How the internal audit service will be delivered? ■ How the internal audit service will be developed in accordance with the internal audit charter? ■ How the internal audit service links to organisational objectives and priorities? 			<ul style="list-style-type: none"> ✓ Risk based plans are developed consistent with the Council's priorities, corporate and operational risk registers ✓ Audit plan considers both assurance work and consultancy work on corporate plan / strategy projects. ✓ Reviews cover broad range of service areas to enable an annual internal audit opinion to be made. ✓ Internal Audit Manual
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<p>Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?</p> <p>In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?</p> <p>If such a risk management framework does not exist, has the CAE used their judgement of risks after input from senior management and the board and evidenced this?</p>			<ul style="list-style-type: none"> ✓ Audit Risk Assessment reflects risk position of each area of activity. Consideration given to range of factors including previous opinion, date last audited, new and emerging risks / changes to processes / staffing etc. ✓ Audit Risk Assessment considers SSMT minutes, corporate, project and operational risk registers ✓ Risk Management Strategy supported by discussions with all members of senior management
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Does the risk-based plan set out the:</p> <ul style="list-style-type: none"> ■ Audit work to be carried out? ■ Respective priorities of those pieces of audit work? ■ Estimated resources needed for the work? <p>Does the risk-based plan differentiate between audit and other types of work?</p> <p>Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?</p>			<ul style="list-style-type: none"> ✓ Plan now only developed for 6 months to allow focus on new and emerging risks ✓ Audit Plan contains both assurance, consultancy and governance reviews (approved by Governance committee) ✓ Priorities agreed with Directors and reflected in the timing of the review ✓ Resources allocated ✓ Audit Plans contain contingency time to allow
CONFORMS	PARTIAL	NOT CONFORMING	
<p>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?</p>			<ul style="list-style-type: none"> ✓ Audit Plan kept under constant review and amended when necessary. Any changes are reported to and approved by Governance
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Is the internal audit activity's plan of engagements based on a documented risk assessment?</p> <p>Is the risk assessment used to develop the plan of engagements undertaken at least annually?</p>			<ul style="list-style-type: none"> ✓ An Audit risk assessment is used as basis for Audit Plan. ✓ Audit Risk assessment updated throughout the year and used as basis of the development of the
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<p>In developing the risk-based plan, has the CAE also given sufficient consideration to:</p> <ul style="list-style-type: none"> ■ Any declarations of interest (for the avoidance for conflicts of interest)? ■ The requirement to use specialists, eg IT or contract and procurement auditors? ■ Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? ■ 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? 			<ul style="list-style-type: none"> ✓ Office declaration of interests ✓ Procurement of ICT specialists ✓ Contingency time included within Audit Plan ✓ Plan allocations set out time for Audit Planning / Monitoring / Reporting and time for Governance
CONFORMS	PARTIAL	NOT CONFORMING	
<p>In developing the risk-based plan, has the CAE consulted with senior management and the board to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes?</p> <p>Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?</p>			<ul style="list-style-type: none"> ✓ Senior Managers consulted on the Audit risk assessment and comments recorded. ✓ Plan presented to SSSMT ✓ Governance committee approval of audit plan ✓ All involved with the planning process
CONFORMS	PARTIAL	NOT CONFORMING	
<p>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?</p> <p>Are consulting engagements that have been accepted included in the risk-based plan?</p>			<ul style="list-style-type: none"> ✓ Consultancy engagements included as part of the planning process ✓ Plan includes consultancy / projects etc.
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
2020 Communication and Approval			
Has the CAE communicated the internal audit activity’s plans and resource requirements to senior management and the board for review and approval?			✓ Audit Plan reported to Shared Management Team and Governance committee. ✓ Have previously reported changes and sought approval from the Governance committee
Has the CAE communicated any 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?			
CONFORMS	PARTIAL	NOT CONFORMING	
Has the CAE communicated the impact of any resource limitations to senior management and the board?			✓ Any resource limitations discussed with senior managers / CGG / Governance committee.
CONFORMS	PARTIAL	NOT CONFORMING	
2030 Resource Management			
Does the risk-based plan explain how internal audit’s resource requirements have been assessed?			✓ Plan allocations set out the number of days available including both internal and external resources
CONFORMS	PARTIAL	NOT CONFORMING	
Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise disruption to the functions being audited, subject to the requirement to obtain sufficient assurance?			✓ Timing of engagements discussed with Directors / Service Leads and recorded on Audit risk assessment and Audit Plan. Issued to SSMT
CONFORMS	PARTIAL	NOT CONFORMING	
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?			✓ Any concerns would be identified and discussed prior to production of and approval of the plan.
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.			
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
2040 Policies and Procedures			
<p>Has the CAE developed and put into place policies and procedures to guide the internal audit activity?</p> <p>Examples include maintaining an audit manual and/or using electronic management systems to guide staff in performing their duties in a manner that CONFORMS to the PSIAS</p> <p>Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?</p>			<ul style="list-style-type: none"> ✓ Audit Manual and associated procedures ✓ Audit drive (electronic system) ✓ Document templates
CONFORMS	PARTIAL	NOT CONFORMING	
2050 Coordination			
<p>Does the risk-based plan include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources?</p> <p>The CAE should generally share information and coordinate activities with other internal and external providers of assurance and consulting services. They may also carry out an assurance mapping exercise, or make use of assurance mapping carried out by other assurance providers.</p> <p>They should also meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans.</p> <p>Where key organisational risks relate to work undertaken through partnerships, the auditor may be able to take assurance from work undertaken by others, or by obtaining assurance directly.</p>			<ul style="list-style-type: none"> ✓ Assurances considered and collated at audit plan discussion stage, ✓ Service Assurance Statements identify other sources of assurance given ✓ Reports issued to External Audit
CONFORMS	PARTIAL	NOT CONFORMING	
2060 Reporting to Senior Management and the Board			
<p>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?</p> <p>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?</p> <p>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 senior management or the board?</p>			<ul style="list-style-type: none"> ✓ Progress against the plan, findings and KPIs presented to CGG ✓ Interim reports presented to Governance committee ✓ Issues raised with managers / directors when appropriate. ✓ All other reviews reported in accordance with Governance committee timetable
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<i>2070 External Service Provider and Organisational Responsibility for Internal Auditing</i>			
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?			Not applicable
CONFORMS	PARTIAL	NOT CONFORMING	

6.2 2100 Nature of Work			
The questions in this section seek to confirm that the internal audit activity evaluates and contributes to the improvement of the organisation's governance, risk management and internal control processes using a systematic and disciplined approach.			
2110 Governance			
<p>Does the internal audit activity assess and make appropriate recommendations to improve the organisation's governance processes for:</p> <ul style="list-style-type: none"> ■ Making strategic and operational decisions? ■ Overseeing risk management and control? ■ Promoting appropriate ethics and values within the organisation? ■ Ensuring effective organisational performance management and accountability? ■ Communicating risk and control information to appropriate areas of the organisation? ■ Coordinating the activities of and communicating information among the board, external and internal auditors and management? 			<ul style="list-style-type: none"> ✓ Overall aim of the IA Service (Audit Charter) ✓ Through specific audit reports, including the annual audit of the Governance / Risk Management Frameworks. ✓ CAE involvement in Corporate Governance Group ✓ Delivery of Governance Essentials Training to all members of SLT ✓ Ownership of corporate policies i.e. anti-fraud, whistleblowing etc ✓ Performance Management included within each engagement where appropriate ✓ Performance Management included within Internal Audit Plan as a review. ✓ Communicated through Audit reports and through provision of advice and guidance ✓ Individual Audit reports issued to Directors /External Audit ✓ Internal Audit annual report and progress reports to Governance committee
CONFORMS	PARTIAL	NOT CONFORMING	
Has the internal audit activity evaluated the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities? This is an area where the CAE may be able to use other sources of assurance.			<ul style="list-style-type: none"> ✓ Ownership of corporate policies i.e. anti-fraud, money laundering etc. ✓ Through individual audit reviews incl. Ethical culture ✓ SAS received and reviewed as part of the AGS process
CONFORMS	PARTIAL	NOT CONFORMING	
Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives? This is an area where the CAE may be able to use other sources of assurance.			<ul style="list-style-type: none"> ✓ Salford Council commissioned to provide ICT assurance ✓ ICT reports considered by the CGG
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
2120 Risk Management			
<p>Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that:</p> <ul style="list-style-type: none"> ■ Organisational objectives support and align with the organisation's mission? ■ Significant risks are identified and assessed? ■ Appropriate risk responses are selected that align risks with the organisation's risk appetite? ■ 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? 			<ul style="list-style-type: none"> ✓ Review of Risk management periodically included within Internal Audit Plan ✓ Use of risk management framework ✓ Use of GRACE risk management system to record risks and controls ✓ All risks assigned to an owner ✓ Corporate risk register reported and monitored
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> ■ Achievement of the organisation's strategic objectives? ■ Reliability and integrity of financial and operational information? ■ Effectiveness and efficiency of operations and programmes? ■ Safeguarding of assets? ■ Compliance with laws, regulations, policies, procedures and contracts? 			<ul style="list-style-type: none"> ✓ Risk-based Audit Plan ✓ Risk-based auditing for each individual audit review ✓ All areas considered as part of planning / scope of each review as appropriate. ✓ Service Assurance Statements reviewed by IA annually
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?</p> <p>CIPFA has issued a <i>Code of Practice on Managing the Risk of Fraud and Corruption</i>, and strongly recommends that it is used as the basis for assessment of how an authority manages its fraud risk.</p>			<ul style="list-style-type: none"> ✓ Individual audit engagements specifically review identified fraud risks ✗ Review to assesses the council's arrangements against CIPFA Code of Practice and Fighting Fraud and Corruption Locally completed and action plan being developed.
CONFORMS	PARTIAL	NOT CONFORMING	

<p>Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?</p> <p>Are internal auditors alert to other significant risks when undertaking consulting engagements?</p> <p>Do internal auditors incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes?</p>			<p>✓ IA involved with project teams to provide advice and guidance on governance, control and risk.</p>
CONFORMS	PARTIAL	NOT CONFORMING	
<p>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?</p>			<p>✓ GRACE system assigns risk owners to individual risks. IA do not own any risks other than those relating to the IA service</p>
CONFORMS	PARTIAL	NOT CONFORMING	
2130 Control			
<p>Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> ■ Achievement of the organisation's strategic objectives? ■ Reliability and integrity of financial and operational information? ■ Effectiveness and efficiency of operations and programmes? ■ Safeguarding of assets? ■ Compliance with laws, regulations, policies, procedures and contracts? 			<p>✓ Risk-based Audit Planning process</p> <p>✓ Risk-based auditing for each individual audit review</p> <p>✓ All areas considered as part of planning / scope of each review as appropriate.</p> <p>✓ Risk-based Audit Plan</p> <p>✓ Service Assurance statements reviewed by IA annually</p>
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?</p>			<p>✓ Where appropriate</p> <p>✓ Knowledge shared within wider Audit and Risk team during fortnightly meetings</p>
CONFORMS	PARTIAL	NOT CONFORMING	
6.3 2200 Engagement Planning			
<p>Do internal auditors develop and document a plan for each engagement?</p> <p>Does the engagement plan include the engagements:</p> <ul style="list-style-type: none"> ■ Objectives? ■ Scope? ■ Timing? ■ Resource allocations? 			<p>✓ Standard document templates / Audit Engagement Plan issued agreed and issued at the start of each review.</p>
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<p>Do internal auditors consider the following in planning an engagement, and is this documented:</p> <ul style="list-style-type: none"> ■ The objectives of the activity being reviewed? ■ The means by which the activity controls its performance? ■ The significant risks to the activity being audited? ■ The activity's resources? ■ The activity's operations? ■ The means by which the potential impact of risk is kept to an acceptable level? ■ The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model? ■ The opportunities for making significant improvements to the activity's governance, risk management and control processes? 			<ul style="list-style-type: none"> ✓ Audit Engagement Plan and report ✓ Review of performance information is included within the engagement where appropriate ✓ Use of risk registers and recorded in the Risk and Control Evaluation ✓ Resource availability considered at the Audit Engagement Plan stage and discussed during the initial meeting. ✓ Part of audit planning and initial discussion with Service Lead incl. within the Engagement Plan ✓ Review of the risk register and assessment of the controls in place ✓ Basis of the risk based assignment. Findings included within the report ✓ Basis of the risk based assignment. Findings and actions to improve included within the report
CONFORMS	PARTIAL	NOT CONFORMING	
<p>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:</p> <ul style="list-style-type: none"> ■ Objectives? ■ Scope? ■ 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)? 			<ul style="list-style-type: none"> ✓ Engagement plan developed and agreed with wholly owned companies prior to commencement
CONFORMS	PARTIAL	NOT CONFORMING	

<p>For consulting engagements, have internal auditors established an understanding with the engagement clients about the following:</p> <ul style="list-style-type: none"> ■ Objectives? ■ Scope? ■ The respective responsibilities of the internal auditors and the client and other client expectations? <p>For significant consulting engagements, has this understanding been documented?</p>			<p>✓ Engagement plan clearly sets out the role of Internal Audit within consulting engagements</p>
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
2210 Engagement Objectives			
<p>Have objectives been agreed for each engagement?</p> <p>Have internal auditors carried out a preliminary risk assessment of the activity under review?</p> <p>Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?</p> <p>Have internal auditors considered the probability of the following when developing the engagement objectives:</p> <ul style="list-style-type: none"> ■ Significant errors? ■ Fraud? ■ Non-compliance? ■ Any other risks? 			<ul style="list-style-type: none"> ✓ Within Audit Engagement Plan and discussed at initial meeting. ✓ Review of the risk register and compilation of the RCE ✓ Audit engagement working papers
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether organisational objectives and goals have been accomplished?</p> <p>If the criteria has been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?</p>			<ul style="list-style-type: none"> ✓ Most service areas have PIs to assess adequacy of performance and these are tested where appropriate and included within the Engagement Plan
<p>If the criteria has been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?</p> <p>If the value for money criteria has been referred to, has the use of all the organisation's main types of resources been considered, including money, people and assets?</p>			<ul style="list-style-type: none"> ✓ If PI's were inadequate we would identify and include within the IA report. ✓ Where appropriate
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?</p> <p>Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?</p>			<ul style="list-style-type: none"> ✓ Included within the Audit Engagement Plan
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Is the scope that is established for each engagement generally sufficient to satisfy the engagement's objectives?</p> <p>Does the scope for each engagement include consideration of relevant systems, records, personnel and physical properties? Does this consideration include areas under the control of outside parties, where appropriate?</p>			<ul style="list-style-type: none"> ✓ Audit Engagement Plan (reviewed and agreed with CAE and Directors)
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<p>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?</p> <p>Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting standards?</p>			This has not occurred as significant consultancy work is included within the IA Annual plan
CONFORMS	PARTIAL	NOT CONFORMING	
<p>For each consulting engagement, was the scope of the engagement generally sufficient to address any agreed-upon objectives?</p> <p>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?</p> <p>During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?</p> <p>During consulting engagements, were internal auditors alert to any significant control issues?</p>			<ul style="list-style-type: none"> ✓ Included within Audit Engagement Plan ✓ This has not occurred but discussion would take place if the situation arose ✓ Key focus of the consultancy work ✓ IA role is to ensure that governance, risk management and control issues are considered throughout the whole project
CONFORMS	PARTIAL	NOT CONFORMING	
2230 Engagement Resource Allocation			
<p>Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of each engagement based on:</p> <p>a) The nature and complexity of the individual engagement?</p> <p>b) Any time constraints?</p> <p>c) The resources available?</p>			<ul style="list-style-type: none"> ✓ Resource allocation is estimated for each review and is included within the Annual Plan ✓ Plan is based on current knowledge of the system under review. ✓ Plan allocations issued to all auditors ✓ Time is monitored throughout the course of the audit to ensure resources are used effectively and efficiently.
CONFORMS	PARTIAL	NOT CONFORMING	

<i>2240 Engagement Work Programme</i>			
<p>Have internal auditors developed and documented work programmes that achieve the engagement objectives?</p> <p>Do the engagement work programmes include procedures for:</p> <ul style="list-style-type: none"> ■ Identifying information? ■ Analysing information? ■ Evaluating information? ■ Documenting information? <p>Were work programmes approved prior to implementation for each engagement?</p> <p>Were any adjustments required to work programmes approved promptly?</p>			<ul style="list-style-type: none"> ✓ RCE produced which details all the controls to be tested during the course of the review. ✓ All working papers are retained on the Shared Audit network drive. ✓ Experienced / Professionally qualified auditors able to use appropriate methods to identify, analyse, evaluate and document information in order to provide assurance or otherwise in all reviews undertaken ✓ CAE / Senior Auditor approves all RCEs prior to review commencing. ✓ Auditors can amend work programme according to complexity and time on approval by CAE
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
6.4 2300 Performing the Engagement			
The questions in this section seek to confirm that internal auditors analyse, evaluate and document sufficient, reliable, relevant and useful information to support engagement			
2310 Identifying Information			
<p>Do internal auditors generally identify (sufficient, reliable, relevant and useful) information which supports engagement results and conclusions?</p> <p>Sufficient information is factual, adequate and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable information through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the</p>			<ul style="list-style-type: none"> ✓ Working papers retained on the Shared Audit network drive. ✓ Experienced auditors able to identify sufficient, reliable, relevant and useful information in order to provide assurance or otherwise in all reviews undertaken ✓ CAE review of working papers and report would identify any shortcomings.
CONFORMS	PARTIAL	NOT CONFORMING	
2320 Analysis and Evaluation			
Have internal auditors generally based their conclusions and engagement results on appropriate analyses and			<ul style="list-style-type: none"> ✓ Auditors follow standardized process. Each assurance rating is based upon evidence considered as part of the quality process
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Have internal auditors generally remained alert to the possibility of the following when performing their individual audits, and has this been documented:</p> <ul style="list-style-type: none"> ■ Intentional wrong doing? ■ Errors and omissions? ■ Poor value for money? ■ Failure to comply with management policy? ■ Conflicts of interest? 			<ul style="list-style-type: none"> ✓ Experienced auditors who would be able to identify and document within working papers ✓ Review of working papers and report to ensure scope and objectives of the review achieved
CONFORMS	PARTIAL	NOT CONFORMING	
2330 Documenting Information			
<p>Have internal auditors documented the relevant information required to support engagement conclusions and results?</p> <p>Are working papers sufficiently 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?</p>			<ul style="list-style-type: none"> ✓ Working papers contain the relevant information (template documents and quality system) ✓ Senior Auditor review of working papers and report would identify any shortcomings ✓ Any shortcomings would be addressed and rectified
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<p>Does the CAE control access to engagement records?</p> <p>Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?</p> <p>Has the CAE developed and implemented retention requirements for all types of engagement records?</p>			<ul style="list-style-type: none"> ✓ Records held on shared network drive. Only internal audit staff have access to this drive. ✓ Retention requirements included within the Audit Manual
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?</p>			<ul style="list-style-type: none"> ✓ Retention schedule developed in accordance with corporate approach
2340 Engagement Supervision			
<p>Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?</p> <p>Is appropriate evidence of supervision documented and retained for each engagement?</p>			<ul style="list-style-type: none"> ✓ Ongoing discussion with auditor, file review and report clearance will identify any issues ✓ Working papers reviewed are signed by the Senior Auditor / CAE and comments recorded on the RCE to highlight any areas of concern which must be addressed prior to the issue of the draft report.
CONFORMS	PARTIAL	NOT CONFORMING	
6.5 2400 Communicating Results			
<p>The questions in this section seek to confirm that internal auditors communicate the results of engagements in an</p>			
2410 Criteria for Communicating			
<p>Do the communications of engagement results include the following:</p> <ul style="list-style-type: none"> ■ The engagement's objectives? ■ The scope of the engagement? ■ Applicable conclusions? ■ Recommendations and action plans, if appropriate? 			<ul style="list-style-type: none"> ✓ Report templates used ✓ Summary of overall findings included with controls assurance ratings ✓ Management Action Plan
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Do internal auditors generally discuss the contents of the draft final reports with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?</p>			<ul style="list-style-type: none"> ✓ Meeting with Lead Officer to discuss draft report, findings and agree management actions ✓ Report issued to officers set out in the engagement plan
CONFORMS	PARTIAL	NOT CONFORMING	

<p>If recommendations and an action plan have been included, are recommendations prioritised according to risk?</p> <p>If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?</p> <p>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?</p>			<ul style="list-style-type: none"> ✓ Red and amber risks reviewed and actions prioritized according to the level of control ✓ Actions prioritized by priority level with the timescale recorded on the action plan ✓ Any alternative actions are recorded in the management action plan.
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
<p>Subject to confidentiality requirements and other limitations on reporting, 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?</p> <p>When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?</p>			<ul style="list-style-type: none"> ✓ Material facts disclosed. ✓ Control assurance ratings based on findings of the review. If challenged, the auditee must provide evidence to support change ✓ All Audit reports are issued to Directors and External Audit.
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Opinions should be supported by sufficient, reliable, relevant and useful information (in line with responses to questions for PSIAS 2300).</p> <p>Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?</p>			<ul style="list-style-type: none"> ✓ Each identified risk is awarded an assurance opinion on the RCE These support the overall assurance opinion awarded for the review ✓ Positive assurance is included within the report ✓ Working papers reviewed to ensure accuracy of opinion
CONFORMS	PARTIAL	NOT CONFORMING	
<p>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?</p>			<ul style="list-style-type: none"> ✓ Where necessary (but has not occurred)
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Where the CAE has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, have the risks of doing so been managed effectively, having regard to the CAE's primary responsibility to the management of the organisation for which they are engaged to provide internal audit services?</p>			<ul style="list-style-type: none"> ✓ CAE providing assurance to council wholly owned companies. ✓ Reports to Board of Directors and Governance Committee set out reporting requirements
CONFORMS	PARTIAL	NOT CONFORMING	
2420 Quality of Communications			
<p>Are internal audit communications generally accurate, objective, clear, concise, constructive, complete and timely?</p>			<ul style="list-style-type: none"> ✓ Report template used ✓ Factual accuracy of report findings confirmed with auditee at draft report stage ✓ Satisfaction survey issued after each review
CONFORMS	PARTIAL	NOT CONFORMING	
2421 Errors and Omissions			
<p>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?</p>			<ul style="list-style-type: none"> ✓ This would be done where required ✓ Meeting to discuss draft report may identify errors and omissions if applicable
CONFORMS	PARTIAL	NOT CONFORMING	

2430 Use of ‘Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing’			
Do internal auditors report that engagements are ‘conducted in conformance with the PSIAS’ only if the results of the QAIP support such a statement?			✓ Noted on the Report template
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
2431 Engagement Disclosure of Non-conformance			
Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: ■ 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? ■ The reason(s) for non-conformance? ■ The impact of non-conformance on the engagement and the engagement results?			Not applicable
CONFORMS	PARTIAL	NOT CONFORMING	
2440 Disseminating Results			
Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?			✓ Circulation specified on Audit Engagement Plan
CONFORMS	PARTIAL	NOT CONFORMING	
Has the CAE communicated engagement results to all appropriate parties?			✓ As per each individual Audit Engagement Plan
CONFORMS	PARTIAL	NOT CONFORMING	
Before releasing engagement results to parties outside the organisation, did the CAE: ■ Assess the potential risk to the organisation? ■ Consult with senior management and/or legal counsel as appropriate? ■ Control dissemination by restricting the use of the results?			Not applicable
CONFORMS	PARTIAL	NOT CONFORMING	
Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?			✓ Summary of consultancy work undertaken included within Progress Report / Annual Report ✓ Any significant issues highlighted during the consultancy engagement are raised with the lead officer during the review
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
2450 Overall Opinion			
<p>Has the CAE delivered an annual internal audit opinion?</p> <p>Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?</p> <p>Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?</p> <p>Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information (having regard to the answers to questions on PSIAS 2300)?</p>			<ul style="list-style-type: none"> ✓ Annual Report ✓ Results of individual reviews reported to senior managers and the Governance committee throughout the year ✓ Overall annual opinion based on opinions of individual pieces of audit work undertaken during the year and knowledge of other sources of assurance both internal and external.
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Does the communication identify the following:</p> <ul style="list-style-type: none"> ■ The scope of the opinion, including the time period to which the opinion relates? ■ Any scope limitations? ■ The consideration of all related projects including the reliance on other assurance providers? ■ The risk or control framework or other criteria used as a basis for the overall opinion? <p>Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?</p> <p>Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?</p>			<ul style="list-style-type: none"> ✓ Annual Report ✓ Where appropriate ✓ Other assurance providers are included (highlighted within SAS as part of AGS work) ✓ Results of audit reviews undertaken during the year ✓ Included in summary table of each review ✓ Opinion included within AGS
CONFORMS	PARTIAL	NOT CONFO	
<p>Does the annual report incorporate the following:</p> <ul style="list-style-type: none"> ■ The annual internal audit opinion? ■ A summary of the work that supports the opinion? ■ A disclosure of any qualifications to the opinion? ■ The reasons for any qualifications to the opinion? ■ A disclosure of any impairments or restriction in scope? ■ A comparison or work actually carried out with the work planned? ■ A statement on conformance with the PSIAS? ■ The results of the QAIP? ■ Progress against any improvement plans resulting from the QAIP? ■ A summary of the performance of the internal audit activity against its performance measures and targets? ■ Any other issues that the CAE judges is relevant to the preparation of the governance statement? 			<ul style="list-style-type: none"> ✓ Annual report includes all required information
CONFORMS	PARTIAL	NOT CONFORMING	

Questions to consider			Evidence / comments
6.6 2500 Monitoring Progress			
<p>The questions in this section seek to confirm that a system is in place to monitor effectiveness of audit communications results to management, including appropriate follow up when no action is taken by management.</p> <p>Has the CAE established a process to monitor and follow up management actions to ensure that agreed actions have been effectively implemented or that senior management have accepted the risk of not taking action?</p>			
<p>Where issues have arisen during the follow-up process (for example, where agreed actions have not been implemented), has the CAE considered revising the internal audit opinion?</p> <p>Do the results of monitoring management actions inform the risk-based planning of future audit work?</p>			<ul style="list-style-type: none"> ✓ Comprehensive monitoring system introduced in 21/22. ✓ Progress against implementation of actions reported to CGG and Governance Committee ✓ Implementation of actions considered as part of the audit planning process
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Does the internal audit activity monitor the results of consulting engagements as agreed with the client?</p>			<ul style="list-style-type: none"> ✓ As per any other engagement
CONFORMS	PARTIAL	NOT CONFORMING	
6.7 2600 Communicating the Acceptance of Risks			
<p>This section considers the arrangements which apply if the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation.</p> <p>Situations of this kind are expected to be rare. PSIAS 2600 sets out communication requirements for the CAE. It is not the responsibility of the CAE to resolve the risk.</p>			
<p>If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?</p> <p>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?</p>			<p>Has not occurred but if it did, the matter would be reported to Senior Management</p> <p>This has not occurred but if it did, the matter would be reported to Governance committee</p>
CONFORMS	PARTIAL	NOT CONFORMING	

