|  |  |  |  |
| --- | --- | --- | --- |
| **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 – approved by Governance Committee * March 2021. |
| *To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.* | | |
| 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 – approved by Governance committee March 2021. |
| 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 require a review to ensure they meet the current operation requirements. |
| ~~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 are professionally qualified and therefore comply with their awarding bodies Code of Ethics. |
| 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.** | | | * All members of IA team are professionally qualified and therefore comply with their awarding bodies Code of Ethics * Specialist skills procured when required (ICT) * Experienced Audit Team |
| 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).** | | | * Arrangements set out within Internal Audit Charter – approved by Governance committee March 2021. |
| 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.** | | | * 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.** | | | * Organisational structure |
| 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.** | | | Internal Audit self-assessment has not been conducted; and reported to Governance Committee for a number of years. |
| 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.** | | | * 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.** | | | * Annual risk assessment undertaken to inform annual plan. * Individual reviews based on risks |
| 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? | | |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| **Is insightful, proactive, and future-focused.** | | | * Internal Audit involvement with project teams providing proactive advice and guidance on risk, governance and control (As per Internal Audit Plan). * New and emerging risks considered during the risk assessment and within each individual audit |
| 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? | | |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| **Promotes organisational improvement.** | | | * CAE member of Senior Leadership Team and involvement with Corporate Governance Group * identification of key areas for improvement within the AGS following comprehensive review undertaken by IA. |
| 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? | | |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| **4 Code of Ethics** | | |  |
| **Integrity** | | | * Quality Control process (QAIP) * Satisfaction surveys * Audit Charter – responsibilities * Signed Declaration of interests * Code of Conduct * Professional Code of Ethics |
| Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display integrity by:   * 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? | | |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| **Objectivity** | | | * Internal Audit Charter * Signed Declaration of interests * Professional Code of Ethics * Code of Conduct |
| Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display objectivity by:   * 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? | | |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| **Confidentiality** | | | * Internal Audit Charter * Professional Code of Ethics * Code of Conduct |
| 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:   * 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? | | |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Competency** | | | * 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:   * 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** | | | * 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 *Seven Principles of Public Life*? | | |
| 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 * Authority * Responsibilities |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| 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?  Note that it is expected that the Governance committee will fulfil the role of the board in the majority of instances. | | | * Charter approved by Governance Committee March 21. |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Does the internal audit charter also:   * 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? | | | Internal Audit Charter   * Purpose * Reporting * Authority * Independence & Objectivity * Authority * Scope & Responsibilities * Scope & Responsibilities * Independence * Responsibilities * Scope of activities * Anti-Fraud & Corruption Strategy * Independence & Objectivity * Scope & Responsibilities * Consultancy work * Compliance with PSIAS |
| 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 |
| 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?  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 * As per Internal Audit Charter |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Does the CAE attend Governance committee meetings?  Does the CAE contribute to Governance committee agendas? | | | * CAE attendance and participation at Governance committee meetings |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Are threats to objectivity identified and managed at the following levels:   * Individual auditor? * Engagement? * Functional? * Organisation? | | | * Declaration of interests form * Internal Audit Plan * Internal Audit Charter (Independence) * Code of Conduct |
| 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 * Internal Audit Charter (reporting and monitoring) |
| Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities? | | |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| Does the CAE’s position in the management structure:   * 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? | | | * Audit Plan reported to and approved by Governance committee November 20 * All final reports and action plans agreed and issued to Directors. |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? | | | * Annual Audit Report |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Is the organisational independence of internal audit realised by functional reporting by the CAE to the board? | | | As above |
| 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:   * 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.   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.  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. | | |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| ***1111 Direct Interaction with the Board*** | | |  |
| Does the CAE communicate and interact directly with the board? | | | * As per Internal Audit Charter * Governance committee meetings / Chairs Brief * Ad-hoc meetings |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| ***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? | | | ✓ Internal Audit Charter includes safeguards |
| 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? | | | ✓ Internal Audit Charter includes safeguards |
| Does the board periodically review these safeguards? | | |
| ~~CONFORMS~~ | PARTIAL | NOT CONFORMING |
| ***1120 Individual Objectivity*** | | |  |
| Do internal auditors have an impartial, unbiased attitude? | | | * Professional Code of Ethics * Internal Audit Charter * Satisfaction survey at end of each audit would likely indicate any difficulties |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Do internal auditors avoid any conflict of interest, whether apparent or actual? | | | * 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)? | | | * 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? | | | * Internal Audit Charter   ✓ Staff are experienced auditors and have had no operational responsibilities however, this may need to be reviewed given the work undertaken by auditors during the COVID-19 pandemic |
| 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? | | | * Not applicable for 2020-21 |
| ~~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? | | | * 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? | | | * 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?  Is the CAE suitably experienced? | | | * CMIIA      * 8 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?  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? | | | * CAE fully responsible for recruitment. * 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?  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? | | | * Through in-house, external training courses, networking. * 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? | | | * One member of staff is 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*** | | |  |
| Do internal auditors exercise due professional care by considering the:   * 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?   In doing the above, internal auditors must also consider how technology-based audit and other data analysis techniques can provide assurance. | | | * Discussed and agreed with auditee * 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~~ |
| Do internal auditors exercise due professional care during a consulting engagement by considering the:   * 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*** | | |  |
| Has the CAE defined the skills and competencies for each level of auditor?  and  Does the CAE periodically assess individual auditors against the predetermined skills and competencies? | | | * Job description and person specification 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~~ |
| Do internal auditors undertake a programme of continuing professional development?  and  Do internal auditors maintain a record of their professional development and training activities? | | | * Work undertaken and on-going training helps to ensure requirements for CPD are met. * Training logs maintained however the Corporate Learning Hub will be utilized to hold all training data. |
| CONFORMS   * 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. | | |  |
| 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?  Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?  Does the CAE maintain the QAIP?  Are any statutory requirements for review of the internal audit activity satisfied? | | | * Quality Assurance and Improvement Programme (QAIP) in place including performance indicators and quality control of audit work. |
| 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? | | | * Work is allocated to auditors based on previous knowledge of review, any involvement within a project team and experience * Reviews allocated on a quarterly basis and monitored through regular discussions with individual auditors |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Do internal assessments include ongoing monitoring of the internal audit activity, such as:   * Routine quality monitoring processes? * Periodic assessments for evaluating conformance with the PSIAS? | | | * CAE or Senior Auditor reviews each audit assignment * PSIAS checklist used for Annual Review of Effectiveness of IA |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| Does ongoing performance monitoring contribute to quality improvement through the effective use of performance targets?   * 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? | | | * Targets approved by Governance committee March 2021 * Agreed part of Business planning * To be included with every progress report to Governance committee * Satisfaction survey issued following each review |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| 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?  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. | | | * 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~~ |
| Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives? | | | * Reported to Governance committee in each progress report |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| ***1312 External Assessments*** | | |  |
| Has an external assessment been carried out, or is one planned to be carried out, at least once every five years?  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. | | | * External peer review carried out April 2018. * Governance committee Report June 2018. * Next external peer review due 2023 |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| Has the CAE properly discussed the qualifications and independence of the assessor or assessment team with the board?  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 *and* 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.  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.  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.  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. | | | * 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. |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |  |
| 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?  The CAE should also agree this scope with the external assessor or assessment team. | | | See above |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| ***1320 Reporting on the Quality Assurance and Improvement Programme*** | | |  |
| Has the CAE reported the results of the QAIP to senior management and the board?  Note that:   * 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. | | | 🗶 The QAIP was last reported to Governance committee in June 2018 |
| ~~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? | | | * Annual Report May 21 |
| 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 May 21 |
| 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** | | |  |
| 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:   * providing objective and relevant assurance * contributing to the effectiveness and efficiency of the governance, risk management and internal control processes. | | |  |
| ***2010 Planning*** | | |  |
| 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?  Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?  Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of:   * 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? | | | * Risk based plans are developed annually consistent with the Council’s priorities. * 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 to be updated to include requirements of PSIAS / LGAN |
| ~~CONFORMS~~ | PARTIAL | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| Does the risk-based plan set out how internal audit’s work will identify and address local and national issues and risks?  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?  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? | | | * 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. Each system / function within the audit universe is given a criticality rating based on a range of risk factors which determines the timescale for review. * Risk Management Strategy supported by discussions with all senior management |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Does the risk-based plan set out the:   * Audit work to be carried out? * Respective priorities of those pieces of audit work? * Estimated resources needed for the work?   Does the risk-based plan differentiate between audit and other types of work?  Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation? | | | * Audit Plan (approved by Governance committee ) * Priorities agreed with Directors and reflected in the timing of the review * Resources allocated * Audit Plan report clearly specifies the assurance reviews and project team involvement (consultancy) and governance work. * Audit Plans contain contingency time to allow for unplanned reviews / changes to planned reviews |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| 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? | | | * Audit Plan kept under constant review and amended when necessary. Any changes are reported to and approved by Governance committee |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Is the internal audit activity’s plan of engagements based on a documented risk assessment?  Is the risk assessment used to develop the plan of engagements undertaken at least annually? | | | * An Audit risk assessment is used as basis for Audit Plan. * Audit Risk assessment updated every year in quarter 4 when developing Audit Plan. |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| In developing the risk-based plan, has the CAE also given sufficient consideration to:   * 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? | | | * Where appropriate * Procurement of ICT specialists * Contingency time included within Audit Plan * Plan allocations set out time for Audit Planning / Monitoring / Reporting and time for Governance committee reporting and attendance at meetings |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| 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?  Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions? | | | * Senior Managers consulted on the Audit risk assessment and comments recorded. * Governance committee approval of audit plan * All involved with the planning process |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| 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?  Are consulting engagements that have been accepted included in the risk-based plan? | | | * 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?  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? | | | * Audit Plan reported to Shared Management Team and Governance committee. * Have previously reported changes and sought approval from the Governance committee |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Has the CAE communicated the impact of any resource limitations to senior management and the board? | | | * Any resource limitations would be discussed with senior managers and 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 |
| 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?  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. | | | * Any concerns would be identified and discussed prior to production of and approval of the plan. |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| ***2040 Policies and Procedures*** | | |  |
| Has the CAE developed and put into place policies and procedures to guide the internal audit activity?  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  Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards? | | | 🗶 Audit Manual and associated procedures to be reviewed to ensure they meet operational requirements   * Audit drive (electronic system) * Document templates |
| ~~CONFORMS~~ | PARTIAL | ~~NOT CONFORMING~~ |
| ***2050 Coordination*** | | |  |
| 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?  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.  They should also meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans.  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. | | | * Assurances considered at audit plan discussion stage, * Service Assurance Statments identify other sources of assurance given * Email correspondence to discuss audit overlap. Quarterly meetings with External Audit |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| ***2060 Reporting to Senior Management and the Board*** | | |  |
| 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?  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?  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? | | | * 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** |
| ***2070 External Service Provider and Organisational Responsibility for Internal Auditing*** | | |  |
| 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*** | | |  |
| Does the internal audit activity assess and make appropriate recommendations to improve the organisation’s governance processes for:   * 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? | | | * 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 * 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 annually 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. | | | * Ownership of corporate policies i.e. anti-fraud, money laundering etc. * Through individual audit reviews incl. Ethical culture |
| 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. | | | * Areas for consideration discussed and agreed with Director |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| ***2120 Risk Management*** | | |  |
| Has the internal audit activity evaluated the effectiveness of the organisation’s risk management processes by determining that:   * 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? | | | * Review of Risk management 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 | P~~ARTIAL~~ | ~~NOT CONFORMING~~ |
| Has the internal audit activity evaluated the risks relating to the organisation’s governance, operations and information systems regarding the:   * 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? | | | * 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. |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?  CIPFA has issued a *Code of Practice on Managing the Risk of Fraud and Corruption,* and strongly recommends that it is used as the basis for assessment of how an authority manages its fraud risk. | | | * 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 to be undertaken. |
| ~~CONFORMS~~ | PARTIAL | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?  Are internal auditors alert to other significant risks when undertaking consulting engagements?  Do internal auditors incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation’s risk management processes? | | | * IA involved with project teams to provide advice and guidance on governance, control and risk. |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| 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? | | | * GRACE system assigns risk owners to individual risks. IA do not own any risks other than those relating to the IA service |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| ***2130 Control*** | | |  |
| Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation’s governance, operations and information systems regarding the:   * 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? | | | * Risk-based Audit Planning process * Risk-based auditing for each individual audit review * All areas considered as part of planning / scope of each review as appropriate. |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation’s control processes? | | | * Where appropriate |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| **6.3 2200 Engagement Planning** | | |  |
| Do internal auditors develop and document a plan for each engagement?  Does the engagement plan include the engagements:   * Objectives? * Scope? * Timing? * Resource allocations? | | | * Standard document templates |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| Do internal auditors consider the following in planning an engagement, and is this documented:   * 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? | | | * 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~~ |
| 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:   * 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)? | | | Not applicable - Service not provided to external parties |
| ~~CONFORMS~~ | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| For consulting engagements, have internal auditors established an understanding with the engagement clients about the following:   * Objectives? * Scope? * The respective responsibilities of the internal auditors and the client and other client expectations?   For significant consulting engagements, has this understanding been documented? | | | * Engagement plan clearly sets out the role of Internal Audit within consulting engagements |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| ***2210 Engagement Objectives*** | | |  |
| Have objectives been agreed for each engagement?  Have internal auditors carried out a preliminary risk assessment of the activity under review?  Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?  Have internal auditors considered the probability of the following when developing the engagement objectives:   * Significant errors? * Fraud? * Non-compliance? * Any other risks? | | | * 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~~ |
| 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?  If the criteria has been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls? | | | * Most service areas have PIs to assess adequacy of performance and these are tested where appropriate and included within the Engagement Plan |
| If the criteria has been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?  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? | | | * If PI’s were inadequate we would identify and include within the IA report. * Where appropriate |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |  |
| Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?  Are the objectives set for consulting engagements consistent with the organisation’s own values, strategies and objectives? | | | * Included within the Audit Engagement Plan |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| ***2220 Engagement Scope*** | | |  |
| Is the scope that is established for each engagement generally sufficient to satisfy the engagement’s objectives?  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? | | | * Audit Engagement Plan (reviewed and agreed with CAE and Directors) |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| 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?  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? | | | This has not occurred as significant consultancy work is included within the IA Annual plan |
| ~~CONFORMS~~ | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| For each consulting engagement, was the scope of the engagement generally sufficient to address any agreed-upon objectives?  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?  During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?  During consulting engagements, were internal auditors alert to any significant control issues? | | | * 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*** | | |  |
| Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of each engagement based on:   1. The nature and complexity of the individual engagement? 2. Any time constraints? 3. The resources available? | | | * 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~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| ***2240 Engagement Work Programme*** | | |  |
| Have internal auditors developed and documented work programmes that achieve the engagement objectives?  Do the engagement work programmes include procedures for:   * Identifying information? * Analysing information? * Evaluating information? * Documenting information?   Were work programmes approved prior to implementation for each engagement?  Were any adjustments required to work programmes approved promptly? | | | * 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 results and conclusions. | | |  |
| ***2310 Identifying Information*** | | |  |
| Do internal auditors generally identify (sufficient, reliable, relevant and useful) information which supports engagement results and conclusions?  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 engagement. Useful information helps the organisation meet its goals. | | | * 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 evaluations? | | | * As above |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Have internal auditors generally remained alert to the possibility of the following when performing their individual audits, and has this been documented:   * Intentional wrong doing? * Errors and omissions? * Poor value for money? * Failure to comply with management policy? * Conflicts of interest? | | | * Experienced auditors who would be able to identify and document within working papers |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| ***2330 Documenting Information*** | | |  |
| Have internal auditors documented the relevant information required to support engagement conclusions and results?  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? | | | * 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** |
| Does the CAE control access to engagement records?  Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?  Has the CAE developed and implemented retention requirements for all types of engagement records? | | | * Records held on shared network drive. Only internal audit staff have access to this drive. * Retention requirements included within the Audit Manual (to be reviewed) |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Are the retention requirements for engagement records consistent with the organisation’s own guidelines as well as any relevant regulatory or other requirements? | | | * In line with GDPR requirements |
| ***2340 Engagement Supervision*** | | |  |
| Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?  Is appropriate evidence of supervision documented and retained for each engagement? | | | * 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** | | |  |
| The questions in this section seek to confirm that internal auditors communicate the results of engagements in an appropriate way. | | |  |
| ***2410 Criteria for Communicating*** | | |  |
| Do the communications of engagement results include the following:   * The engagement’s objectives? * The scope of the engagement? * Applicable conclusions? * Recommendations and action plans, if appropriate? | | | * Report templates used * Summary of overall findings included with controls assurance ratings * Management Action Plan |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| 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? | | | * Meeting arranged with Lead Officer to discuss draft report, findings and agree management actions |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| If recommendations and an action plan have been included, are recommendations prioritised according to risk?  If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?  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? | | | * 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** |
| 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?  When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account? | | | * 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~~ |
| Opinions should be supported by sufficient, reliable, relevant and useful information (in line with responses to questions for PSIAS 2300).  Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question? | | | * Each identified risk is awarded an assurance opinion on the RCE These support the overall assurance opinion awarded for the review |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| 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? | | | * Where necessary (but has not occurred) |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| 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? | | | Not applicable |
| ~~CONFORMS~~ | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| ***2420 Quality of Communications*** | | |  |
| Are internal audit communications generally accurate, objective, clear, concise, constructive, complete and timely? | | | * 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*** | | |  |
| 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? | | | * This would be done where required |
| 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? | | | * 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 *Code of Ethics* or *Standard(s)*   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 |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| ***2450 Overall Opinion*** | | |  |
| Has the CAE delivered an annual internal audit opinion?  Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control?  Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?  Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information (having regard to the answers to questions on PSIAS 2300)? | | | * Annual Report (limitation of scope applied for 2020/21 due to COVID pandemic) * 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 |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| Does the communication identify the following:   * 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?   Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?  Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement? | | | * 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~~  ~~RMING~~ |
| Does the annual report incorporate the following:   * 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? | | | * Annual report includes all required information |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Questions to consider** | | | **Evidence / comments** |
| **6.6 2500 Monitoring Progress** | | |  |
| 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.  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? | | |  |
| 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?  Do the results of monitoring management actions inform the risk- based planning of future audit work? | | | * A rigorous system to ensure all agreed management actions are fully implemented is to be introduced. |
| ~~CONFORMS~~ | ~~PARTIAL~~ | NOT CONFORMING |
| Does the internal audit activity monitor the results of consulting engagements as agreed with the client? | | | * As per any other engagement |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |
| **6.7 2600 Communicating the Acceptance of Risks** | | |  |
| 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.  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. | | |  |
| 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?  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? | | | Has not occurred but if it did, the matter would be reported to Senior Management  This has not occurred but if it did, the matter would be reported to Governance committee |
| CONFORMS | ~~PARTIAL~~ | ~~NOT CONFORMING~~ |

**:**

77 Mansell Street, London E1 8AN

T: +44 (0)20 7543 5600 F: +44 (0)20 7543 5700

[www.cipfa.org](http://www.cipfa.org/)[[p||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||||ZPXHJ{O{{X{{XXXXX{OXPO{XXXKHJLCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCCC;jjjjjjj\\\\\A8RQRQA8R9

CIPFA registered with the Charity Commissioners of England and Wales No 231060