
REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	25 September 2013	CATEGORY: RECOMMENDED
REPORT FROM:	HEAD OF INTERNAL AUDIT PARTNERSHIP	
MEMBERS' CONTACT POINT:	HEAD OF INTERNAL AUDIT PARTNERSHIP RICHARD BONEHAM richard.boneham@derby.gov.uk	DOC:
SUBJECT:	Public Sector Internal Audit Standards - Compliance	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:

1.0 Recommendations

1.1 To note the report

2.0 Purpose of Report

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

3.0 Detail

3.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1 April 2013 to create consistent standards for the practice of internal audit across the public sector and establish the basis for its quality assurance. These standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.

3.2 The Sub-Committee received a report at its meeting on 20 February 2013 which provided an overview to the Standards. Members were informed that additional guidance for local authorities would be included in the Local Government Application Note on the PSIAS, which was planned to be published in March 2013.

3.3 Members asked for a further report to be brought to the Audit Sub-Committee when the Application Note on the PSIAS had been published.

3.4 The PSIAS and the Local Government Application Note together supersede the 2006 CIPFA Code of Practice for Internal audit in Local Government in the United Kingdom (2006 Code). The Application Note has been developed as the sector specific requirements for local government organisations.

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

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

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

Conformance with the PSIAS:

- 3.11 A checklist has been developed by CIPFA to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the QA & IP. It incorporates the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents. An initial desk top review of the PSIAS has been carried out using the checklist by the Head of the Central Midlands Audit Partnership. This is attached at appendix 1.
- 3.12 Due to the fact that the Central Midlands Audit Partnership is currently fully compliant with the 2006 CIPFA Code of Audit Practice, the majority of the requirements of the new PSIAS are already achieved without any need to change existing practices. The main area of the PSIAS that will require further development is the QA & IP and also to finalise the Internal Audit Charter.

4.0 Financial Implications

- 4.1 None.

5.0 Legal Implications

5.1 The Authority is obliged under the Accounts and Audit Regulations (England) 2011 to maintain an effective internal audit.

6.0 Corporate Implications

6.1 None

7.0 Community Implications

7.1 None

8.0 Background Papers

8.1 None

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

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

Ref	Conformance with the Standard	Y	P	N	Evidence
1	Definition of Internal Auditing				
	Using evidence gained from assessing conformance with other Standards, is the internal audit activity:				
	a) Independent?	Y			Effectiveness of Internal Audit report 19/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Objective?	Y			As above
	Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	Y			As above
2	Code of Ethics				
	Integrity				
	Using evidence gained from assessing conformance with other Standards, do internal auditors:				
	a) Perform their work with honesty, diligence and responsibility?	Y			Effectiveness of Internal Audit report 19/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Observe the law and make disclosures expected by the law and the profession?	Y			As above
	c) Not knowingly partake in any illegal activity nor engage in in acts that are discreditable to the profession of internal auditing or to the organisation?	Y			As above
	d) Respect and contribute to the legitimate and ethical objectives of the organisation?	Y			As above
	Objectivity				
	Using evidence gained from assessing				

Ref	Conformance with the Standard	Y	P	N	Evidence
	conformance with other Standards, do internal auditors display objectivity by not:				
	a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?	Y			Effectiveness of Internal Audit report 19/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Accepting anything that may impair or be presumed to impair their professional judgement?	Y			As above
	c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	Y			As above
	Confidentiality Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:				
	a) Acting prudently when using information acquired in the course of their duties and protecting that information?	Y			Effectiveness of Internal Audit report 19/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?	Y			As above
	Competency Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:				
	a) Only carrying out services for which they have the necessary knowledge, skills and experience?	Y			Effectiveness of Internal Audit report 19/6/2013 – refers to CIPFA Better Governance Forum framework and CIPFA Code of Practice
	b) Performing services in accordance with the PSIAS?	Y			As above
	c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?	Y			As above
	Do internal auditors have regard to the on Standards of Public Life's <i>Seven Principles of Public Life</i> ?				As above – also annual declaration
	Standards				
3	Attribute Standards				
3.1	1000 Purpose, Authority and				

Ref	Conformance with the Standard	Y	P	N	Evidence
	Responsibility				
	Does the internal audit charter include a formal definition of:				Terms of reference need to be developed into Audit Charter
	a) the purpose b) the authority, and c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	Y			IA Terms of Reference
LGAN	Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.	Y			Terms of Reference section 1.6
	Does the internal audit charter also:				
	a) Set out the internal audit activity's position within the organisation?	Y			Terms of Reference section 1.7
	b) Establish the CAE's functional reporting relationship with the board?	Y			Terms of Reference section 1.6
LGAN	c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively?	Y			Terms of Reference section 1.6
LGAN	d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit?	Y			Terms of Reference section 1.6
	e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	Y			Terms of Reference section 1.12
LGAN	f) Define the scope of internal audit activities?	Y			Terms of reference section 1.7
LGAN	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?	Y			Terms of reference section 1.7
LGAN	h) Identify internal audit's contribution to the review of effectiveness of the	Y			Section 1.8

Ref	Conformance with the Standard	Y	P	N	Evidence
	control environment, as set out in the Accounts and Audit (England) Regulations 2011?				
LGAN	i) Establish the organisational independence of internal audit?	Y			Section 1.5
	j) Cover the arrangements for appropriate resourcing?	Y			Section 1.9
	k) Define the role of internal audit in any fraud-related work?	Y			Section 1.11
	l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	Y			Section 1.11
	m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?	Y			Section 1.5 para 1.5.5
	n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?	Y			Section 1.10
	o) Define the nature of consulting services?	Y			Section 1.11
	p) Recognise the mandatory nature of the PSIAS?			N	Working copy refers to CIPFA Code – to be updated
	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?		P		Revised Terms to be presented
	Does the CAE attend audit committee meetings?	Y			See minutes for proof of attendance
	Does the CAE contribute to audit committee agendas?	Y			Reports are produced and submitted
3.2	1100 Independence and Objectivity				
	Does the CAE have direct and unrestricted access to senior management and the board?	Y			Effectiveness of Internal Audit report 19/6/2013 appendix 1 "has full access to the Head of Corporate Finance and, if required, the Chair of Audit Sub-Committee"
	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	Y			As above
	Are threats to objectivity identified and managed at the following levels:				
	a) Individual auditor?	Y			Monthly one-to-one meetings, MIP process, annual declarations of interests

Ref	Conformance with the Standard	Y	P	N	Evidence
	b) Engagement?	Y			Individual declarations by auditor and Assistant Audit Manager for each engagement
	c) Functional?	Y			Overseen by the Head of Partnership.
	d) Organisation?	Y			Overseen by the CMAP Board
	1110 Organisational Independence				
	Does the CAE report to an organisational level equal or higher to the corporate management team?	Y			Reports to Audit Sub-committee (Terms of Reference s 1.6)
LGAN	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	Y			Reports to Audit Sub-committee (Terms of Reference s 1.6)
LGAN	Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority.	Y			Terms of Reference s1.5
LGAN	Does the CAE's position in the management structure:				
	a) Reflect the influence he or she has on the control environment?	Y			Internal Audit is provided by an Audit Partnership. The CAE isn't part of the management structure of SDDC, but reports to the Audit Sub-Committee.
	b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board?	Y			Directly reports to Audit Sub-committee
	c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	Y			Direct report to Audit Sub-committee and has access to Director of Corporate Services and Chair of Sub-Committee (Effectiveness of Internal Audit report appendix 1)
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity:	Y			Annual Audit opinion – appendix annual report section 1
	The board:				
	a) approves the internal audit charter			N	This will be done by the CMAP Board - SDDC has representation on this Board.
	b) approves the risk-based audit plan	Y			Approved by Sub Committee 3/4/2013
	c) approves the internal audit budget and resource plan	Y			This is approved by the CMAP Board – SDDC has representation on this Board.

Ref	Conformance with the Standard	Y	P	N	Evidence
	d) receives communications from the CAE on the activity's performance (in relation to the plan, for example)	Y			Quarterly progress reports (eg 19/6/2013)
	e) approves decisions relating to the appointment and removal of the CAE	Y			This will be done by the CMAP Board - SDDC has representation on this Board.
	f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	Y			The potential for limitations is recognised in the Terms of Reference
	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?				The performance appraisal is carried out by the Host Authority.
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?				Not Applicable
	1111 Direct Interaction with the Board				
	Does the CAE communicate and interact directly with the board?	Y			Reports directly to Audit Sub-Committee
	1120 Individual Objectivity				
	Do internal auditors have an impartial, unbiased attitude?	Y			
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	Y			Make annual declaration of interests (overall) and also declaration on each engagement
	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)?	Y			No such instances have occurred but if they had, these would be dealt with appropriately by CAE
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?	Y			CMAP is totally independent of SDDC and has no operational responsibility.
	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
LGAN	Are assignments for ongoing assurance engagements and other audit	Y			The Audit plan is arranged such that engagements are rotated within the team on a periodic basis.

Ref	Conformance with the Standard	Y	P	N	Evidence
	responsibilities rotated periodically within the internal audit team?				
LGAN	Have internal auditors declared interests in accordance with organisational requirements?	Y			Terms of Reference 1.5.5
LGAN	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?	Y			CMAP Auditors are required to declare offers under the Derby CC Employee Code of Conduct (as Host Authority)
LGAN	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?				No such instances
LGAN	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?	Y			Internal review process.
LGAN	Have internal auditors complied with the Bribery Act 2010?	Y			Auditors are bound by DCC Code of Conduct which requires adherence to the DCC Bribery Act Policy
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?				Not applicable – no consulting services engagements have been done.
	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?				Not applicable – no consulting services engagements have been done.
3.3	1200 Proficiency and Due Professional Care				
	1210 Proficiency				
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	Y			CIPFA qualified
	Is the CAE suitably experienced?	Y			20+ years experience
LGAN	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's	Y			Responsible under hosting authority (DCC) recruitment policy and procedure

Ref	Conformance with the Standard	Y	P	N	Evidence
	human resources processes?				
LGAN	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	Y			Most recently reviewed in 2013
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	Y			Wide range of skills and knowledge – see Staff profiles
	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	Y			Call-off contract exists for additional resources – Terms of Reference 1.11.2
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	Y			Fraud awareness given high profile, 4 staff with CIPD
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	Y			Regular training and 2 IT specialists within team
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	Y			Team have access to and can use IDEA
	1220 Due Professional Care				
	Do internal auditors exercise due professional care by considering the:				
	a) Extent of work needed to achieve the engagement's objectives?	Y			Each job is scoped with senior management prior to commencement
	b) Relative complexity, materiality or significance of matters to which assurance procedures are applied?	Y			Each job is scoped with senior management prior to commencement
	c) Adequacy and effectiveness of governance, risk management and control processes?	Y			Each assignment requires a risk assessment prior to work beginning
	d) Probability of significant errors, fraud, or non-compliance?	Y			Each assignment requires a risk assessment prior to work beginning
	e) Cost of assurance in relation to potential benefits?	Y			Recommendations are reviewed during the quality check process for practicality
	Do internal auditors exercise due professional care during a consulting				

Ref	Conformance with the Standard	Y	P	N	Evidence
	engagement by considering the:				
	a) Needs and expectations of clients, including the nature, timing and communication of engagement results?	Y			This is arranged during the scoping / opening meeting, including frequency of updates to senior management
	b) Relative complexity and extent of work needed to achieve the engagement's objectives?	Y			This is established at the scoping / opening meeting
	c) Cost of the consulting engagement in relation to potential benefits?	Y			Recommendations are reviewed during the quality check process for practicality
	1230 Continuing Professional Development				
LGAN	Has the CAE defined the skills and competencies for each level of auditor?	Y			See Person Specifications for each role
LGAN	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	Y			Annual MIP (appraisal) – each individual is assessed against the Excellent Internal Auditor
	Do internal auditors undertake a programme of continuing professional development?	Y			Ongoing training, attendance at CATS courses etc
	Do internal auditors maintain a record of their professional development and training activities?	Y			This is recorded in the training database which is part of the Audit Management System
3.4	1300 Quality Assurance and Improvement Programme				
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?		P		The quality assurance system that was in place for the 2006 Code covers a proportion of this.
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?		P		As above
	Does the CAE maintain the QAIP?		P		The CAE is reviewing the current process and will update and maintain it.
LGAN	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?	Y			Effectiveness of internal Audit report taken to Audit Sub-Committee 19/6/2013
	1310 Requirements of the Quality Assurance and Improvement Programme				

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the QAIP include both internal and external assessments?		P		In development
	1311 Internal Assessments				
LGAN	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	Y			The Work is planned such that the specialisms of individuals are part of the allocation process.
	Do internal assessments include ongoing monitoring of the internal audit activity, such as:				
	a) Routine quality monitoring processes?	Y			Each assignment is subject to a two-stage quality assurance process
	b) Periodic assessments for evaluating conformance with the PSIAS?	Y			This will form part of the Annual Report which accompanies the HoA Audit Opinion
LGAN	Does ongoing performance monitoring include comprehensive performance targets?	Y			Performance is reported to Audit Sub-Committee on a quarterly basis
LGAN	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	Y			Performance targets have been developed in conjunction with the CMAP Board
LGAN	Does the CAE measure, monitor and report on progress against these targets?	Y			Quarterly reports taken to Audit Sub-Committee
LGAN	Does ongoing performance monitoring include obtaining stakeholder feedback?	Y			Feedback from stakeholders is included by the use of customer satisfaction surveys
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient 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.			N	No assessments done for PSIAS. Assessments against the 2006 Code were carried out by External Audit every 3 years. Self-assessments carried out every year as part of the review of the effectiveness of internal audit.
LGAN	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	Y			This was done under the 2006 Code and will be the same under PSIAS.
	1312 External Assessments				
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	Y			This is planned to be carried out.
LGAN	Has the CAE considered the pros and cons for the different types of external assessment (ie 'full' or self-assessment		P		This will be discussed at the next meeting of the CMAP Board. Initial work has been done by the CAE in regard to the self-assessment.

Ref	Conformance with the Standard	Y	P	N	Evidence
	plus 'independent validation')?				
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?			N	
LGAN	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?			N	
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?			N	
	<p>Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?</p> <p>Competence can be determined in the following ways:</p> <p>a) experience gained in organisations of similar size</p> <p>b) complexity</p> <p>c) sector (ie the public sector)</p> <p>d) industry (ie local government), and</p> <p>e) technical experience.</p> <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>				Not applicable at the moment
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?				Not applicable at the moment
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the				Not applicable at the moment

Ref	Conformance with the Standard	Y	P	N	Evidence
	organisation to which the internal audit activity belongs.				
	1320 Reporting on the Quality Assurance and Improvement Programme				
	Has the CAE reported the results of the QAIP to senior management and the board?				Not applicable at the moment
	Note that:				
	a) the results of both external and periodic internal assessment must be communicated upon completion				
	b) the results of ongoing monitoring must be communicated at least annually				
	c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.				
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?				Not applicable at the moment
	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?				Not applicable at the moment
	1322 Disclosure of Non-conformance				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?				Not applicable at the moment
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?				Not applicable at the moment
4	Performance Standards				
4.1	2000 Managing the Internal Audit Activity				
	Do the results of the internal audit activity's work achieve the purposes	Y			

Ref	Conformance with the Standard	Y	P	N	Evidence
	and responsibility of the activity, as set out in the internal audit charter?				
	Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the <i>Standards</i> ?		P		Conforms to the new definition and the majority of the PSIAS other than the QA&IP. Developments underway to achieve full conformity with the PSIAS.
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the <i>Code of Ethics</i> and the <i>Standards</i> ?	Y			Also with the Code of Ethics of the various relevant bodies. All conform with the parts of the PSIAS that are relevant to audit activity.
	Does the internal audit activity add value to the organisation and its stakeholders by				
	a) Providing objective and relevant assurance?	Y			Effectiveness of IA Review
	b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	Y			Effectiveness of IA Review
	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?	Y			Priorities are based on highest risk levels, after discussion with relevant managers.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	Y			Noted in the Annual Plan submitted to Audit Sub-Committee
	Does the risk-based plan take into account the organisation's assurance framework?	Y			Noted in the Annual Plan
	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of:				
	a) How the internal audit service will be delivered?	Y			In annual plan
	b) How the internal audit service will be developed in accordance with the internal audit charter?			N	
	c) How the internal audit service links to organisational objectives and priorities?	Y			In aims of coverage 9section 1) Annual Plan
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	Y			Plan addresses risk issues
	In developing the risk-based plan, has	Y			Included in plan and referred to in "Approach to Audit Planning"

Ref	Conformance with the Standard	Y	P	N	Evidence
	the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?				section
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?	Y			included in plan and referred to in "Approach to Audit Planning" section
LGAN	Does the risk-based plan set out the:				
	a) Audit work to be carried out?	Y			In plan
	b) Respective priorities of those pieces of audit work?	Y			Highlighted in section 4 of the annual plan
	c) Estimated resources needed for the work?	Y			Section 4
LGAN	Does the risk-based plan differentiate between audit and other types of work?	Y			In "plan contingencies" section
LGAN	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	Y			Contingency time is built into the plan
	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	Y			Reports on progress against the plan on a quarterly basis – should an urgent need to change priorities arise, agreement is sought to delay delivery of pre-planned work in the following audit year, if necessary.
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	Y			Given in the plan at section 4
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	Y			Re-assessed at plan development stage
LGAN	In developing the risk-based plan, has the CAE also considered the following:				
	a) Any declarations of interest (for the avoidance for conflicts of interest)?	Y			Dealt with by appropriate allocation of assignments
	b) The requirement to use specialists, eg IT or contract and procurement auditors?	Y			Dealt with as part of work allocation within the team
	c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary?	Y			Contingency is built into the plan - estimates are based on experience built up in previous years
	d) The time required to carry out the audit planning process effectively as	Y			The time allocated to each audit is based on the complexity of each area of review and performance against time estimates is reported

Ref	Conformance with the Standard	Y	P	N	Evidence
	well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?				to the Audit Sub-Committee on a quarterly basis.
	Is the input of senior management and the board considered in the risk assessment process?	Y			Drawn up following discussions with senior management
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	Y			Drawn up following discussions with senior management
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	Y			Prioritised on basis of risk – see Plan – approach to planning section
	Are consulting engagements that have been accepted included in the risk-based plan?	Y			All work is included in the plan – see detailed plan in section 4
	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?	Y			Taken to Audit Sub-Committee 3/4/2013
	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?	Y			Significant changes have not occurred, but would be reported with progress during quarterly updates as these would affect delivery of the agreed plan.
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	Y			See plan section 2 – Audit Resources.
	2030 Resource Management				
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	Y			Annual plan section 2
LGAN	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	Y			Timing of engagements is negotiated with clients at the start of the audit year
LGAN	If the CAE believes that the level of agreed resources will impact adversely	Y			There is a continual monitoring of resources to work plan and this is reported in the quarterly progress report. (Annual plan section 1)

Ref	Conformance with the Standard	Y	P	N	Evidence
	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.				
	2040 Policies and Procedures				
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	Y			The Audit manual is regularly updated and available on-line to all staff
LGAN	Has the CAE established policies and procedures to guide staff in performing their duties in a manner than conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.	Y			The Audit manual is regularly updated and available on-line to all staff The Audit management system is also on-line
LGAN	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	Y			The audit manual is updated frequently
	2050 Coordination				
	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	Y			There is a call-off contract in place to pull in additional resources should this be necessary.
LGAN	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?			N	
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	Y			Works closely with External Auditors and, when necessary, the Auditors supplying additional cover
LGAN	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	Y			Works closely with External Auditors
	2060 Reporting to Senior Management and the Board				
	Does the CAE report periodically to senior management and the board on	Y			Quarterly reports submitted

Ref	Conformance with the Standard	Y	P	N	Evidence
	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?	Y			Within quarterly reports
	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	Y			Content of quarterly reports discussed with Head of Corporate Services.
	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?	Y			Included in annual "Effectiveness of internal Audit" report
4.2	2100 Nature of Work				
	Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	Y			Annual Audit plan sections 1 and 2
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	Y			Covering report for annual plan (Audit Sub-committee meeting 3 April 2013) shows that all areas are planned for coverage at least once every 5 years, with areas of higher concern more frequently. This approach can be proved by comparison of the audit plans across multiple years.
	2110 Governance				
	Does the internal audit activity:				
	a) Promote appropriate ethics and values within the organisation?	Y			Included in the controls assessed with each engagement
	b) Ensure effective organisational performance management and accountability?	Y			As above

Ref	Conformance with the Standard	Y	P	N	Evidence
	c) Communicate risk and control information to appropriate areas of the organisation?	Y			Audit reports are issued to both senior and line management to allow for dissemination of knowledge relating to risks and controls, as well as being summarised for Members in quarterly reports
	d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	Y			Audit engagement reports are issued to management, summaries to members and External audit receive copies of reports on request, as well as having access to members reports
	Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	Y			This is included in reports
	Has the internal audit activity evaluated the:				
	a) design	Y			
	b) implementation, and	Y			
	c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	Y			Regular audit assignments re corporate governance
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	Y			This has been subject to an audit assignment
LGAN	Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan?	Y			Included in scope within plan
	2120 Risk Management				
	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that:				
	a) Organisational objectives support and align with the organisation's mission?	Y			Subject to an audit assignment
	b) Significant risks are identified and assessed?	Y			Subject of an audit assignment
	c) Appropriate risk responses are selected that align risks with the organisation's risk appetite?	Y			Covered by an audit assignment
	d) Relevant risk information is captured	Y			Risk assessments are carried out as part of each assignment

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

Ref	Conformance with the Standard	Y	P	N	Evidence
	d) Safeguarding of assets?	Y			Included in audit assignments
	e) Compliance with laws, regulations, policies, procedures and contracts?	Y			Included in audit assignments
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	Y			Information relating to individual assignments is shared amongst auditors within the team
4.3	2200 Engagement Planning				
	Do internal auditors develop and document a plan for each engagement?	Y			Scope is drawn up at the start of each assignment
	Does the engagement plan include the engagement's:				
	a) Objectives?	Y			See Job Control sheet
	b) Scope?	Y			See job control sheet
	c) Timing?	Y			Time period allocated at planning stage
	d) Resource allocations?	Y			Resources allocated at planning stage
	Do internal auditors consider the following in planning an engagement, and is this documented:				
	a) The objectives of the activity being reviewed?	Y			Information is gathered at opening meeting
	b) The means by which the activity controls its performance?	Y			Systems notes are part of the audit file
	c) The significant risks to the activity being audited?	Y			Information is gathered throughout the opening meeting and a risk assessment is carried out at the start of the assignment
	d) The activity's resources?	Y			Gathered at opening meeting
	e) The activity's operations?	Y			Gathered at opening meeting if not already known
	f) The means by which the potential impact of risk is kept to an acceptable level?	Y			Gathered during the audit assignment
	g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model?	Y			Use of CIPFA or Grace controls to establish expectations
	h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	Y			This forms part of the assignment – it is an expected outcome of an audit engagement
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written				

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

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

Ref	Conformance with the Standard	Y	P	N	Evidence
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	Y			Where the nature of the assignment changes, or an additional area of work is required, this is documented and agreed to by the client
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?			N	Consulting Standards still need to be finalised.
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?			N	No consulting engagements have been carried out at SDDC.
	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?				N/A
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?				N/A
	During consulting engagements, were internal auditors alert to any significant control issues?				N/A
	2230 Engagement Resource Allocation				
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on:				
	a) The nature and complexity of each individual engagement?	Y			This is established at the planning stage, such that sufficient resources are provided based on the nature of the task in hand
	b) Any time constraints?	Y			As above
	c) The resources available?	Y			As above
	2240 Engagement Work Programme				
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	Y			For frequently completed audits there are workbooks in place for reference/use

Ref	Conformance with the Standard	Y	P	N	Evidence
	Do the engagement work programmes include the following procedures for:				
	a) Identifying information?	Y			Guidance is available from reference to previous audits and by reference to colleagues / managers
	b) Analysing information?	Y			As above
	c) Evaluating information?	Y			As above
	d) Documenting information?	Y			As above
	Were work programmes approved prior to implementation for each engagement?	Y			Work programmes are established at the start of each engagement
	Were any adjustments required to work programmes approved promptly?	Y			No such instances have occurred but if they had, a signature to confirm changes would be sought from the client
4.4	2300 Performing the Engagement				
	Have internal auditors carried out the following in order to achieve each engagement's objectives:				
	a) Identify sufficient information?	Y			Each assignment is subject to a 2 stage quality check, which checks that sufficient work in this area has been carried out.
	b) Analyse sufficient information?	Y			As above
	c) Evaluate sufficient information?	Y			As above
	d) Document sufficient information?	Y			As above
	2310 Identifying Information				
	Have internal auditors identified the following in order to achieve each engagement's objectives:				
	a) Sufficient information?	Y			Each assignment is subject to a 2 stage quality check, which checks that sufficient work in this area has been carried out.
	b) Reliable information?	Y			As above
	c) Relevant information?	Y			As above
	d) Useful information?	Y			As above
	2320 Analysis and Evaluation				
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	Y			Each assignment is subject to a 2 stage quality check, which checks that sufficient work in this area has been carried out.
LGAN	Have internal auditors remained alert to the possibility of the following:				
	a) intentional wrongdoing				
	b) errors and omissions				
	c) poor value for money				
	d) failure to comply with management policy, and				
	e) conflicts of interest				

Ref	Conformance with the Standard	Y	P	N	Evidence
	when performing their individual audits, and has this been documented?	Y			These are all elements which are the subject of tests and checks within each audit and advice and guidance on these areas is provided in the audit manual
	2330 Documenting Information				
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	Y			Each audit produces a comprehensive file documenting the grounds for the conclusions and results it arrives at.
LGAN	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?	Y			This is part of the quality checking process
	Does the CAE control access to engagement records?	Y			Audit files are kept on an auditor-access only part of the server
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	Y			Senior management in respect of release of reports to external auditors.
	Has the CAE developed and implemented retention requirements for all types of engagement records?	Y			The requirement for the retention of audit files and the time periods applied is in the Audit manual
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	Y			
	2340 Engagement Supervision				
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	y			Supervisory structure is in place, with monthly meetings where progress can be monitored
	Is appropriate evidence of supervision documented and retained for each engagement?	Y			Within files there is a record (review record sheet) and the monthly meetings are annotated and retained.
4.5	2400 Communicating Results				
	Do internal auditors communicate the results of engagements?	Y			This is done in 3 stages, at the closing meeting the client has the opportunity to challenge findings, at "draft" stage the client can submit alternative resolutions to the issues identified, and at final stage a summary of both the auditors findings and the agreed actions is provided.
	2410 Criteria for Communicating				

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

Ref	Conformance with the Standard	Y	P	N	Evidence
	reliable, relevant and useful information?				
	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	Y			Where satisfactory performance has been found, this is acknowledged within the body of the report
	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	Y			Only released to External Audit.
LGAN	If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?	Y			
	2420 Quality of Communications				
	Are communications:				
	a) Accurate?	Y			For each assignment a client satisfaction survey is issued, seeking client feedback on these areas.
	b) Objective?	Y			As above
	c) Clear?	Y			As above
	d) Concise?	Y			As above
	e) Constructive?	Y			As above
	f) Complete?	Y			As above
	g) Timely?	Y			As above
	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?	Y			This has not occurred but should an error be found after communication, this would be rectified and the relevant parties notified
	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?			N	QA&IP not in place yet.
	2431 Engagement Disclosure of				

Ref	Conformance with the Standard	Y	P	N	Evidence
	Nonconformance				
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following:				
	a) The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved?				No instances have occurred
	b) The reason(s) for non-conformance?				No instances have occurred
	c) The impact of non-conformance on the engagement and the engagement results?				No instances have occurred
	2440 Disseminating Results				
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	Y			Audit reports are issued to the relevant senior management, line management and the Director of Finance and Corporate Services.
	Has the CAE communicated engagement results to all appropriate parties?	Y			Each report is issued to relevant parties and a summary of findings is taken to members on a quarterly basis
	Before releasing engagement results to parties outside the organisation, did the CAE:				
	a) Assess the potential risk to the organisation?	Y			Results are only ever shared with External Audit, or, in the case of investigations, the Police
	b) Consult with senior management and/or legal counsel as appropriate?	Y			This would be done on a case-by-case basis
	c) Control dissemination by restricting the use of the results?			N	
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?				No consulting engagements have taken place.
	2450 Overall Opinion				
	Has the CAE delivered an annual internal audit opinion?	Y			Taken to Audit Sub-Committee 19/6/2013
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	Y			Annual audit opinion report para 3.2 and 3.3
	Does the annual internal audit opinion				It is an opinion based on audit evidence. Other opinions are not

Ref	Conformance with the Standard	Y	P	N	Evidence
	take into account the expectations of senior management, the board and other stakeholders?				relevant for this..
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	Y			The "basis for opinion" is supported by a calculation methodology which is reported to members
	Does the communication identify the following:				
	a) The scope of the opinion, including the time period to which the opinion relates?	Y			Each report covers a separate financial year
	b) Any scope limitations?	Y			Each report notes that absolute assurance cannot be given (para 3.4)
	c) The consideration of all related projects including the reliance on other assurance providers?	Y			The report states that it is based on the work of the Internal Audit team. Other assurance providers had not been involved in the periods examined
	d) The risk or control framework or other criteria used as a basis for the overall opinion?	Y			
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	Y			This has not occurred to date
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	Y			Cross referenced in the Annual Governance Statement which is signed by the Chief Executive and Leader of the Council
	Does the annual report incorporate the following:				
	a) The annual internal audit opinion?	Y			See report taken to audit sub-committee 19/9/2013
LGAN	b) A summary of the work that supports the opinion?	Y			Appendix is the annual report which summarised internal audit work during the year
LGAN	c) A disclosure of any qualifications to the opinion?	Y			If there were qualifications these would be included
LGAN	d) The reasons for any qualifications to the opinion?	Y			If there were, these would be included
LGAN	e) A disclosure of any impairments or restriction in scope?	Y			If there were, these would be included
LGAN	f) A comparison or work actually carried out with the work planned?	Y			This is one of the performance measures
	g) A statement on conformance with the PSIAS?	Y			The need to conform with PSIAS from 2013/14 was noted in the Annual Governance Statement Governance Work Plan for 2013/14 and will be included in the 2013/14 HOA opinion report
LGAN	h) The results of the QAIP?				Will not be included until the 2013/14 Annual report (due April 2014)

Ref	Conformance with the Standard	Y	P	N	Evidence
LGAN	i) Progress against any improvement plans resulting from the QAIP?				N/A
LGAN	j) A summary of the performance of the internal audit activity against its performance measures and targets?	Y			Performance measures are included in the annual report (pages 6 and 7)
	k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	Y			The format of the report is not set so the CAE is able to include issues as they arise.
4.6	2500 Monitoring Progress				
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?	Y			There is a follow-up process established where agreed actions for recommendations all have a "due date". These details are recorded in the Audit management system and reminders are generated from the system.
	Where issues have during the follow-up process, has the CAE considered revising the internal audit opinion?	Y			No such instances have occurred, but if they did the CAE would include this in their opinion report
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	Y			Failure to implement agreed actions is included as part of the risk assessment which in turn informs the audit plan.
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?				None undertaken
4.7	2600 Communicating the Acceptance of Risks				
	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?	Y			All "accept risk" issues are included in Final report which is copied to senior management
	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	Y			"accept risk" instances are notified to the Audit Sub-Committee in both the quarterly progress report (on a recommendation – by – recommendation basis) and in the annual report as overall departmental totals.