

Public Sector Internal Audit Standards – Self Assessment 21/22

Ref	Standard	Y/N/P	Findings	Action Required/Evidence
Purpose, Authority and Responsibility				
1000(1)	IA Charter must contain purpose, authority and responsibility	Y	The IA Charter clearly details the purpose, authority and responsibility of IA.	See copy of charter on file. No action required.
1000(2)	The Chief IA must periodically review the IA charter and present it to senior management and board for approval	Y	CIA reviews the charter annually to take into account changes of standards, ethics and good practice. The revised charter is presented to SMT and obtains approval at first Audit Committee meeting of each municipal year.	See copy of minutes of Audit Committee No action required.
1000(3)	Charter includes IA position in authority, relationship with board and authorises access to records	Y	Charter does state IA position in authority, relationship with board and authorises access to all records of the Council.	See copy of charter on file. No action required.
1000 (4)	Charter defines what it means by 'board' and 'senior management'	Y	Charter defines 'board' as the Audit Committee and SMT as 'senior management'.	See copy of charter on file. No action required.
1000 (5)	Charter should include information on appropriate resourcing.	Y	Charter details information on appropriate resourcing.	See copy of charter on file. No action required.

1000 (6)	Charter details role of audit in fraud related work	Y	Charter includes information on the role of IA in respect to fraud related work.	See copy of charter on file. No action required.
1000 (7)	Charter includes safeguards to limit impairment of independence or objectivity if IA or CIA undertakes non-audit activities	Y	Charter includes measures implemented to limit impairment of independence or objectivity if IA or CIA undertakes non-audit activities. Charter states CIA responsibilities for other non-audit services and how these are managed to maintain audit objectivity.	See copy of charter on file. No action required.
1000.A1	Nature of assurance services provided to the organisation must be defined in the IA charter. If assurances are to be provided to parties outside the organisation, the nature of these assurances must also be defined in the IA charter	Y	Nature of assurance provided by IA is detailed in the charter. IA does not provide assurance related activities to external organisations.	See copy of charter on file No Action required.
1000.C1	Nature of consulting services must be defined in the IA charter	Y	IA do not provide consulting services.	No action needed.
1010	IA Charter must make reference to Core principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Standards and Definition of Internal Auditing	Y	All of these elements are included in the IA charter.	See copy of charter on file. No action required.
Independence and Objectivity				
1100	IA activity must be independent and internal auditors must be objective in performing their work	Y	CIA has direct and unrestricted access to senior management and board as reflected in charter. CIA meets with MD, Section 151 Officer	<ul style="list-style-type: none"> • See notes from MD meetings • See copies of conflict forms • See individual audit and QAIP checks

			<p>and Monitoring Officer at least 4 times a year.</p> <p>A number of measure are in place to ensure IA independence and objectivity including:</p> <ul style="list-style-type: none"> • Auditors sign annual conflict of interest forms • Audit scopes are signed off by a Senior Officer • Audit working papers and reports are reviewed by a Senior Officer not involved in the audit itself 	No further action needed
Organisational Independence				
1110(1)	CIA must report to level within organisation that allows IA to fulfil its responsibilities. The CIA must confirm to board at least annually the organisational independence of the IA activity	Y	<p>Charter details CIA reporting arrangements.</p> <p>CIA reports to MD and statutory officers 4 times a year</p> <p>CIA reports to Audit Committee 4 times a year</p>	<p>See copy of reports to SMT and AC</p> <p>No action needed.</p>
1110(2)	<p>CIA reporting to board includes:</p> <ul style="list-style-type: none"> • Approving IA Charter • Approving risk based IA plan • Approving IA budget and resources • Receives reports on IA performance relative to plan • Approves decisions regarding appointment / removal of CIA 	Y	<p>AC approve charter in first meeting of year</p> <p>AC approve plan in first meeting of year</p> <p>AC does not approve budget but does consider resource detailed in charter</p> <p>Audit report to each AD quarterly on status of current reports / follow</p>	<ul style="list-style-type: none"> • See copy of charter and AC minutes • See copy of plan and AC minutes • See reports to AC on IA activity. • Example of quarterly report to AD

	<ul style="list-style-type: none"> Makes enquiries of management and CIA to determine if there is inappropriate scope or resource limitations 		<p>ups and what audits are coming soon</p> <p>AC receive 4 reports a year on IA performance relevant to plan</p> <p>AC is informed of appointment or removal of CIA rather than decides.</p>	
1110(3)	Chief Exec (or equivalent) undertakes, countersigns, contributes feedback to or reviews the performance appraisal of the CIA and feedback is also sought from the chair of the audit committee	Y	MD meets with CIA 4 times a year so has opportunity here to provide feedback.	<p>Notes of meeting with MD and CIA</p> <p>See email from CIA on comments from Chief Exec</p>
1110.A1	The internal audit activity must be free from interference in determining the scope of internal auditing, performing work and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications	Y	<p>Scope, performance and communicating is free from interference and therefore no requirement to date to report matters of this nature to MD.</p> <p>Scope is drawn up by auditor, agreed with management and signed off by senior auditor.</p> <p>Audit work is signed off by senior auditor.</p> <p>Audit report signed off by senior auditor and published in the name of the CIA</p>	<p>See individual audit folders and QAIP checks.</p> <p>No action needed</p>
Direct Interaction with the Board				
1111	The chief audit executive must communicate and interact directly with the board	Y	CIA meets with Audit Committee 4 times a year.	<ul style="list-style-type: none"> See minutes of AC meetings See notes taken of chair briefings See copy of charter

			CIA meets with chair of audit committee on a 121 basis 4 times a year. Charter details right of CIA to report directly to audit committee if and when required.	No action needed
1112(1)	Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.	Y	Roles are detailed in IA charter annually which is approved by the audit committee. Where audits are performed on non-audit functions managed by the CIA the findings of the report are QA'd by the Monitoring Officer to ensure independence.	<ul style="list-style-type: none"> • See copy of audit charter. • For an example of audit undertaken on non-audit area managed by CIA – see GDPR audit. No action needed
1112(2)	When asked to undertake any additional roles/responsibilities outside of internal auditing, the chief audit executive must highlight to the board any potential or perceived impairment to independence and objectivity having regard to the principles contained within the Code of Ethics as well as any relevant requirements set out by other professional bodies to which the CAE may belong	Y	See above	See above No action needed
1112(3)	The board must approve and periodically review any safeguards put in place to limit impairments to independence and objectivity (see also Standard 1000 Purpose, Authority and Responsibility)	Y	See above	See above No action needed
Individual Objectivity				
1120	IA must have an impartial, unbiased attitude and avoid any conflict of interest	Y	The team complete an annual declaration of interest which identifies area where they used	See completed annual conflict forms No action needed

			to work or family members work. When allocating work the Principal Auditor will avoid allocating work to the auditor in these areas.	
Impairment to Independence or Objectivity				
1130	<p>If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.</p> <p>Impairment includes personal conflict of interest, scope limitations, restriction on access to records and resource limitations such as funding.</p>	Y	<p>The conflict of interest form is taken into account when allocating work, however Auditors will point out to the Principal Auditor or CIA where they believe to be any conflicts prior to undertaking audit reviews.</p> <p>Where Auditors are refused access to records this will be escalated to the CIA.</p> <p>Scope agreed by reviewing Auditor and auditee so scope limitation issues would be identified then.</p>	<ul style="list-style-type: none"> • See conflict of interest forms. • See separate audits for copies of scope agreement check and agreement. <p>No action needed</p>
1130(1)	The determination of appropriate parties to which the details of an impairment to independence or objectivity must be disclosed is dependent upon the expectations of the internal audit activity's and the chief audit executive's responsibilities to senior management and the board as described in the internal audit charter, as well as the nature of the impairment.	Y	<p>See above</p> <p>Each case will be reviewed by CIA and will be dependent on the audit activity.</p>	See above
1130(2)	The determination of appropriate parties to which the details of an impairment to independence or	Y	Potential impairments to independence are managed by:	<ul style="list-style-type: none"> • See example conflict form • See example scope

	objectivity must be disclosed is dependent upon the expectations of the internal audit activity's and the chief audit executive's responsibilities to senior management and the board as described in the internal audit charter, as well as the nature of the impairment.		Annual conflict forms completed by auditors Audit scope details that there are no auditor conflicts	No action needed
1130.A1	IA must refrain from assessing operations for which they were previously responsible within the previous year.	Y	See response to 1120 – Auditors will not work in areas recorded on the conflict form for 2 years.	See above. No action needed
1130.A2	Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.	Y	Where audits fall within the remit of the CIA, this will be overseen by the Service Delivery Manager or Assistant Director for Governance Procurement & Commissioning	An example of this is the GDPR audit. No action needed
1130.A3	The internal audit activity may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.	Y	Internal Audit do not provide any consulting services.	See audit charter No action needed
1130.C1	Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.	Y	Internal Audit do not provide any consulting services.	See audit charter No action needed
1130.C2	If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement	Y	See above Auditors will record any conflicts on their conflicts of interest form and also inform the CIA & Principal	See above

			<p>Auditor before each individual assignment.</p> <p>If the audit team feel their objectivity & independence is impaired they will inform the service area as to the reason for this.</p>	
1130.C2(1)	Approval must be sought from the board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement.	Y	<p>See above.</p> <p>The Assistant Director & CIA will approve any additional consultancy work which will affect the audit team meeting the audit plan. Audit committee will be aware of this when we report audit activities on a quarterly basis, but they would not necessarily approve the work in the first instance.</p>	<p>See audit charter</p> <p>No action needed</p>
Proficiency and Due Professional Care				
1200	Engagements must be performed with proficiency and due professional care.	Y	<p>The auditors are all qualified and experienced which enables them to perform engagements with professional conduct</p> <p>In addition the CIA undertakes QAIP checks to ensure conformance. Any issues arising from this are reported to the Audit Committee</p>	<ul style="list-style-type: none"> • See auditor qualifications. • See examples of QIAP checks <p>No action needed</p>
Proficiency				
1210	IA must possess the knowledge, skills and other competencies needed to perform their individual	P	Knowledge and working practices are shared across Internal Audit as	<p>See example of CCAN shared practices</p> <p>See IT audit agreement</p>

	responsibilities. The IA activity collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities.		<p>there are no individual responsibilities this ensures contingency arrangements are maintained.</p> <p>Specialist IT auditing skills are a possible weak area. This is addressed by having an external contractor via the Staffordshire framework.</p> <p>Evident through various emails sent around team to update on working practices / service areas across the council.</p>	<p>See example email of sharing practice Training record in place for each auditor, recording training courses attended and additional research/reading. Auditor skills matrix completed.</p> <p>Action needed: More work required on CPD</p>
1210(1)	The CIA must hold a professional qualification and be suitably experienced	Y	Both the CIA/ Principal Auditor hold CMIIA.	<p>Evident through I:\Internal Audit\Standards\Qualifications 201516</p> <p>No action needed</p>
1210.A1	The CIA must obtain competent advice and assistance if the internal auditors lack the knowledge, skills or other competencies needed to perform all of part of the engagement	Y	<p>Advice is sought where appropriate both internally and externally. Internally we consult with Legal, Procurement and People services.</p> <p>Externally CIA / Principal Auditor attend West Midlands CCAN meetings.</p>	<p>Evidence of CCAN meetings</p> <p>No action needed</p>
1210.A2	IA must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation, but are not expected to have	Y	Internal Audit and Investigation Team work under same manager and collaborate on investigations and training.	<ul style="list-style-type: none"> • Examples of collaborative work • Examples of collaborative training • Internal audit charter

	the expertise of a person whose primary responsibility is detecting and investigating fraud		All assignments are conducted by auditors who are always aware of looking for possibility of fraud. Internal Audit have knowledge of the strategic risk register which is reviewed and updated annually. This is considered when drafting scopes for audits (completing pro-forma).	No action needed.
1210.A3	IA must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing	Y	<p>Auditors have had previous experience of basic IT audits. Also audit work closely with the ICT Security Manager.</p> <p>Audit also agree an annual contract with an external specialist provider of ICT audit.</p> <p>When audits require the knowledge of information technology systems bespoke training will be undertaken by the auditor.</p> <p>Audit are aware of applications such as IDEA but do not use it as not convinced of cost/benefits.</p>	<ul style="list-style-type: none"> • See previous IT audits. • See contract with ICT specialist audit provider <p>No action needed</p>
1210.C1	The CIA must decline the consulting engagement or obtain competent advice and assistance if the IA lack the knowledge, skills or other competencies needed to perform all or part of the engagement	Y	<p>As stated Internal Audit do not engage in consulting activity</p> <p>Where Internal Audit lack knowledge, skills or other</p>	No action needed

			competencies this would be addressed by undertaking research, mentoring, job shadowing or completion of on-line ollie modules where applicable.	
Due Professional Care				
1220	IA must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility	Y	<p>The Internal Audit team is experienced and knowledgeable both on a professional and personable basis. They have proven to be discreet and trustworthy.</p> <p>Any conflict would also be recorded on the individual annual forms / time of audit.</p> <p>All working papers and reports are subject to quality review. The CIA also undertakes a further QAIP review on a sample of audits.</p>	<ul style="list-style-type: none"> • See CPD • See customer feedback surveys • See annual conflict forms • See QAIP reviews <p>No action needed</p>
1220.A1	<p>IA must exercise due professional care by considering the:</p> <ul style="list-style-type: none"> • Extent of work needed to achieve the engagements 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 	y	<p>Experienced team of internal auditors who have the skills and knowledge to;</p> <ul style="list-style-type: none"> • Consider the level of testing required to meet the audit objectives. • To objectively evaluate current processes and procedures to determine if they are effective in managing risks 	<p>Audit scopes of work. Supervision by senior officer in team Audit Charter</p> <p>No action needed.</p>

	<ul style="list-style-type: none"> • Cost of assurance in relation to potential benefits 		<ul style="list-style-type: none"> • To evaluate the work undertaken throughout the audit process to add value to the service area. <p>All of the Audit team are professionally qualified and work to professional standards, any concerns or issues identified as part of the audit work would be raised with the Principal Auditor & CIA . Then referred to the Investigation team if necessary.</p>	
1220.A2	In exercising due professional care IA must consider the use of technology-based audit and other data analysis techniques	Y	<p>This is addressed by having an external contractor via the Staffordshire framework who undertakes specific technology based audits.</p> <p>However the use of various technology systems / data analysis are included within audits where applicable.</p> <p>An example of this would be the various fundamental audits the reconciliation of data between systems.</p>	<ul style="list-style-type: none"> • See provider contract • See example of fundamental audit <p>No action needed</p>
1220.A3	IA must be alert to the significant risks that might affect objectives, operations or resources. However, assurance procedures alone, even when	Y	As part of drafting the annual audit plan the CIA / Principal Auditor will consult with SDM / AD's to identify significant risks.	<ul style="list-style-type: none"> • See meeting minutes of CIA/PA meeting with management • See risks reviewed in service plans

	performed with due professional care, do not guarantee that all significant risks will be identified.		Whilst scoping the audit, the auditor will review the risks of the service area and discuss the objectives with the auditee, the SDM and AD. However there is also a caveat within the standard audit report template to advise that not all significant risks will be identified.	<ul style="list-style-type: none"> • See example scope and auditee and QA auditor sign off • See audit report template <p>No more action needed</p>
1220.C1	<p>IA must exercise due professional care during a consulting engagement by considering the:</p> <ul style="list-style-type: none"> • Needs and expectations of clients, including the nature, timing and communication of engagement results • Relative complexity and extent of work needed to achieve the engagements objectives • Cost of the consulting engagement in relation to potential benefits 	Y	<p>Internal Audit do not undertake consulting engagements.</p> <p>For other work - Internal Audit achieve this through consulting with the service areas to discuss expectations and objectives.</p>	<p>See examples of audit scopes and auditee agreement.</p> <p>No more action needed</p>
Continuing Professional Development				
1230	IA must enhance their knowledge, skills and other competencies through continuing professional development.	p	<p>Auditors do not follow their professional body's requirements for CPD hours. Other training is identified through 1:2:1's and APPD discussions. Internal training is also undertaken on 'Ollie' the Council's Learning Platform.</p> <p>(40 hours CPD required as per CIIA requirements)</p>	<p>Action needed:</p> <p>Training record in place for each auditor, recording training courses attended and additional research/reading.</p> <p>Auditor skills matrix completed.</p> <p>Action needed:</p>

				IIA/CIPFA CPD requirements to be assessed and followed.
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Quality Assurance and Improvement Programme

1300	The CIA must develop and maintain a QAIP that covers all aspects of the internal audit activity.	Y	The CIA has developed/maintains a QAIP process that covers all aspects of audit activity. Results from QAIP are reported to the audit committee. QAIP checks are completed monthly and recorded on a template.	<ul style="list-style-type: none"> • See copy of AC reports • See examples of QAIP checks <p>No action needed</p>
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Requirements of the Quality Assurance and Improvement Programme

1310	The quality assurance and improvement programme must include both internal and external assessments.	Y	QAIP covers all assignments and activities covered by internal audit.	<p>See example QAIP</p> <p>No action needed</p>
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Internal Assessments

1311	<p>Internal assessments must include:</p> <ul style="list-style-type: none"> • Ongoing monitoring of the performance of the internal audit activity • Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices 	Y	<p>The QAIP includes monthly checks on the performance activity of IA against the PSIAS.</p> <p>Annual self-assessment undertaken against the standards – the results of this are reported to the audit committee. The self-assessment is reviewed by the Governance & Legal Manager and AD: Governance, Procurement & Commissioning</p>	<ul style="list-style-type: none"> • See examples of QAIP checks completed. • See copy of self-assessment. • See audit improvement plan <p>No action needed</p>
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			Regular team meetings are held to discuss and improve audit processes.	
External Assessments				
1312	<p>External assessments must be conducted at least once every 5 years by a qualified, independent assessor or assessment team from outside the organisation. The CIA must discuss with the board:</p> <ul style="list-style-type: none"> • The form of external assessments • The qualifications and independence of the external assessor or assessment team including any potential conflict of interest 	Y	<p>External assessment last completed in January 2017. Assessment completed by CIPFA who were appointed through a framework.</p> <p>External assessment procurement, appointment, process and outcome reported to audit committee in a number of reports</p> <p>PSIAS assessment undertaken 2017 by CIPFA.</p>	<p>See copy of completed external assessment.</p> <p>No action needed.</p>
1312(1)	The CIA must agree the scope of the external assessments with an appropriate sponsor, e.g. S151 officer or chair of audit committee as well as with the external assessor or assessment team.	Y	<p>See above.</p> <p>The scope of the assessment was derived by the standards and interpreted by CIPFA. This was discussed with CIA and the Audit Committee. The Audit Committee and SMT were involved in the assessment process.</p>	<ul style="list-style-type: none"> • See copy of scope • See minutes from relevant AC meetings • See minutes from relevant SMT meetings <p>No action needed</p>
Reporting on the Quality Assurance and Improvement Programme				
1320	The CIA must communicate the results of the QAIP to senior management and the board. Disclosure should include:	Y	Results of QAIP are reported to SMT and audit committee.	See IA activity report to AC.

	<ul style="list-style-type: none"> • Scope and frequency of both internal and external assessments • Qualifications and independence of the assessor(s) or assessment team including potential conflicts of interest • Conclusion of assessors • Corrective action plans 		<p>However reporting does not include all of these bullet points.</p> <p>The CIA undertakes monthly quality monitoring checks on internal audit work. The results are reported to audit committee on a quarterly basis.</p>	
Use of 'Conforming with the International Standards for the Professional Practice of Internal Auditing'				
1321	IA activity conforms with the Code of Ethics and the Standards	Y	All IA work performed conforms with the Public Sector Internal Audit Standards which is confirmed in Annual Audit Reports (See 3.2 of 2017-18 Audit Report May 2018)	<ul style="list-style-type: none"> • See IA Annual Report to AC • See QAIP checks • See IA Charter • See scope for each audit assignment.
Disclosure of Non-conformance				
1322	Where non-conformance with Code of Ethics or Standards impacts the overall scope or operation of the IA activity this should be reported to senior management and the board. It should also be included in the governance statement.	Y	This would mainly be picked up when QA'ing audit working papers and draft reports, customer feedback and QAIP checks. If this were to occur then it would be reported to Senior Managers through CIA, then to the Audit Committee	<ul style="list-style-type: none"> • See audit charter • See AGS • See QAIP checks <p>No action needed</p>
Managing the Internal Audit Activity				
2000	<p>The CIA must effectively manage the IA activity to ensure it adds value to the organisation. This is when:</p> <ul style="list-style-type: none"> • It achieves the purpose and responsibility included in the charter • It conforms with the Standards 	Y	<p>CIA manages IA either directly or through delegation of tasks to the Principal Auditor.</p> <p>Charter reviewed and reported on to SMT and audit committee annually.</p>	<ul style="list-style-type: none"> • See audit charter and SMT and AC minutes agreeing charter. • See QAIP checks • Standards self-assessment • See notes/agenda for CCAN meetings <p>No action needed.</p>

	<ul style="list-style-type: none"> • Its individual members conform to Code of Ethics and Standards • It considers trends and emerging issues that could impact the organisation 		<p>QAIP checks to ensure standards conformity Confirmation of compliance with Code of Ethics and standards tested through this self-assessment and monthly QAIP checks. Trends and emerging issues considered via attendance at CCAN to obtain wider issues and attendance at management meetings and meetings with MD and statutory officers.</p> <p>The CIA ensures Auditors adhere to the audit charter and also PSIAS.</p> <p>Management meetings are attended when developing the annual plan to discuss emerging issues. Regular meetings are also held with Managing Director, S151 & the monitoring officer</p>	
2000(1)	IA activity adds value to the organisation and stakeholders when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management, control processes and objectivity provides relevant assurance	Y	<p>All audit work is risk based and links to strategic risks, service plans, cooperative objectives and Being the Change</p> <p>The audit plan is risk based, looking at both strategic & service area risk. IA work closely with other teams such as IG, Investigations,</p>	<ul style="list-style-type: none"> • Copy of internal audit plan • Example copy of service plan • Example audit scope • Reports to AC detailing specific value added actions <p>No action needed</p>

			Procurement & Legal to work together to provide assurance.	
Planning				
2010	CIA must establish risk-based plans to determine the priorities of the IA activity, consistent with organisations goals	Y	<p>The audit plan is risk based, looking at both strategic & service area risk. Managers meetings are attended and their risks are discussed, at the time of developing the annual plan.</p> <p>Individual audit jobs shown on the annual plan are split into High, medium & low risk.</p>	<ul style="list-style-type: none"> • Copy of audit plan • Copy of strategic risk register • Example copy of service plan <p>No action needed</p>
2010(1)	CIA must consult with senior management and the board and obtains an understanding of the organisations strategies, key business objectives, associated risks and risk management processes. The CIA must review and adjust plan in response to changes in the organisations business, risk, operations, programmes, systems and controls	Y	<p>When developing the audit plan the CIA and PA with attend management meetings to discuss their risks and jobs to include in the plan. The corporate risk register and individual service plans are used which shows risks at all levels of the organisations. Jobs are added/removed throughout the year but this is not a formal process.</p> <p>Both the AC and SMT approve the Audit Plan.</p>	<ul style="list-style-type: none"> • Copy of plan • Plan updates to AC • Copy of AC minutes agreeing plan • Copy of SMT minutes agreeing plan <p>No action needed</p>
2010(2)	Risk based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It should be linked to the strategic statement of how IA will be delivered and developed in accordance with the IA	Y	<p>Internal audit work feeds into the annual governance statement.</p> <p>The audit plan is structured with risk underpinning this. This</p>	<ul style="list-style-type: none"> • As above • Copy of AGS • Copy of audit report template <p>No action needed</p>

	charter and how it links to organisational objectives and priorities.		<p>therefore allows audit to provide an overall assurance opinion based on this plan and the completion of audit assignments.</p> <p>As plan and audit assignment scopes are based on risks to the council and service areas not realising their objectives. Therefore audit opinion at assignment level and through the AGS will be based on organisational objectives and priorities.</p>	
2010.A1	IA activity's plan of engagement must be based on a document risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process	Y	<p>The annual audit plan is derived from the strategic risk register, individual areas service plans (which detail their risks). The CIA and the Principal Auditor will attend managers meetings to discuss the audit plan and the risks each service area is facing.</p> <p>The plan is a working document, jobs are removed throughout the year but unplanned work is also undertaken</p>	See above
2010.A2	The CIA must identify and consider expectations of senior management, the board and other stakeholders for IA opinions and other conclusions	Y	<p>The annual plan is developed with management consultation and approved by SMT and AC.</p> <p>Consideration is also given to the strategic risk register and service plans.</p>	<ul style="list-style-type: none"> • Copy of annual plan • Copy of notes from management meetings • Minutes from AC on plan approval • Minutes from SMT on plan approval • Copy of strategic risk register

			The CIA meets with the MD and statutory officers 4 times a year to discuss emerging risks.	<ul style="list-style-type: none"> Notes of meetings with MD and statutory officers
2010.C1	CIA should consider accepting proposed consulting engagements based on the engagements potential to improve management of risks, add value and improve the organisations operations. Accepted engagements must be included in the plan.	Y	Audit do not undertake consulting activity.	No action needed
Communication and Approval				
2020	CIA must communicate the IA activity's plan and resource requirements, including significant interim changes, to senior management and the board for review and approval. The CIA must communicate the impact of resource limitations.	Y	<p>Once drafted the annual plan is presented to Senior Managers then to Audit committee for final approval.</p> <p>The annual resources is shown on the annual plan</p>	<ul style="list-style-type: none"> See audit plan See IA activity reports to AC See minutes for SMT and AC meetings <p>No action needed</p>
Resource Management				
2030	CIA must ensure IA resources are appropriate, sufficient and effectively deployed to achieve plan.	Y	<p>The annual resources is calculated at the beginning of the year. The high/medium risk areas are audited first with the lower risk areas audited should resources allow.</p> <p>The audit committee are kept up to date with any resource issues within the team</p>	<ul style="list-style-type: none"> Minutes from chair briefing Copy of audit plan <p>No action needed</p>
2030(1)	IA teams should have a good mix of knowledge, skills and other competencies needed to perform the plan.	P	All Auditors are professionally qualified and have a number of years' experience	<p>See copy of qualifications Auditor skills matrix completed. Action needed:</p>

				IIA/CIPFA CPD requirements to be assessed and followed.
2030(2)	Risk based plan must explain how internal audit resource requirements have been assessed.	Y	The audit plan is based on strategic & service level risk and also audit intelligence. It is split into high, medium, low risks and audit resources concentrate on high/medium risks	See copy of audit plan No action needed
2030(3)	Where CIA believes that level of agreed resource will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.	Y	The CIA will bring this to the attention of the Assistant Director for Governance & Procurement, who is also the monitoring officer. He will also raise it with the S151 officer and also the Audit Committee.	See minutes from chair briefing No action needed
Policies and Procedures				
2040	CIA must establish policies and procedures to guide the internal audit activity.	P	IA have documented procedure notes, flow charts and standard templates which are updated when changes occur There is an audit manual dated 2008	See copies of procedures, flow charts and standard templates. Audit manual in place, dated 2019 Action needed: Update audit manual and include KPIs
Coordination				
2050	The CIA should share information, coordinate activities and consider relying upon the work of the other internal and external assurance and consulting service provider to ensure proper coverage and minimise duplication of efforts.	Y	When developing the annual plan the work of other services / assurance bodies is taken into account, i.e. Procurement, H&S, Legal, Ofsted etc in order to provide assurance and this is also	<ul style="list-style-type: none"> • Copy of plan • Copy of notes from management meetings • Copy of AGS No action needed

			reflected in the annual governance statement.	
Reporting to Senior Management and the Board				
2060	The CIA must report periodically to senior management and the board on the IA activity's purpose, authority, responsibility and performance relative to its plan and on its conformance with the Code of Ethics and the Standards. Reporting must include significant risk and control issues, including fraud risk, governance issues and other matters that require the attention of senior management and/or the board.	Y	<p>CIA formally reports to SMT and audit committee at least 4 times a year. Reports include:</p> <p>Refresh of audit charter (once a year) Activity of IA Outcome of QAIP Outcome of standards self assessment (once a year) Fraud activity (once a year) Other governance issues such as finance, treasury management and information governance.</p> <p>On a quarterly basis all Assistant Directors are provided with a list of ongoing audits in their areas and a list due for follow up, with their current grading.</p> <p>SMT will also receive a monthly report detailing red and amber reports.</p> <p>Audits have a code of Ethics questionnaire, results are sent to the appropriate SDM & AD. Results are compiled at the end of</p>	<ul style="list-style-type: none"> • Copy of SMT/AC activity report • Copy of quarterly reports to AD's • Copy of fraud reports to SMT/AC • Copy of reports on other governance matters to SMT/AC including treasury management and information governance • Copy of AC terms of reference • Copy of code of ethics questionnaires • Copy of corporate recommendations <p>No action needed</p>

			year and taken to SMT as part of reporting corporate recommendations	
2060(1)	<p>CIA reporting and communication to senior management and the board must include information about:</p> <ul style="list-style-type: none"> • The audit charter • Independence of internal audit activity • Audit plan and progress against it • Resource requirements • Results of audit activities • Conformance with Code of Ethics and the Standards and actions plans to address non-conformance • Managements response to risk that, in CIA judgement, may be unacceptable to the Council 	Y	<p>See above:</p> <p>Charter – yes chartered approved annually by SMT/AC</p> <p>Independence – yes reported via charter</p> <p>Audit plan and progress – yes but improvement needed</p> <p>Resource requirements – yes reported in charter</p> <p>Audit activities – yes</p> <p>Ethics and standards – yes via self assessment and QAIP</p> <p>Management response – yes, this would be in audit activity reports.</p> <p>SMT & The Audit Committee will receive updates about:</p> <ul style="list-style-type: none"> - The audit charter (annually) - The audit plan & progress against the plan (Annually) - Resource requirements (annually and to audit committee quarterly) 	<ul style="list-style-type: none"> • Copy of charter • Copy of minutes from SMT/AC showing approval • Copy of plan • Copy of minutes for SMT/AC where plan is discussed • See copies of QAIP • See examples of completed audit reports <p>No action needed.</p>

			Audit reports are sent to ADs and Directors and will clearly show management responses.	
External Service Provider and Organisational responsibility for Internal Auditing				
2070	When an external service provider serves as the IA activity, the provider must make the organisation aware that the organisation has the responsibility for maintaining an effective internal audit activity.	Y	<p>An external company is used for the provision of IT audit under the Staffordshire Framework. The Audit Committee and SMT are aware of this.</p> <p>The external company follow the same process as internal audit and use T&W report format. All reports go out in the name of the CIA.</p> <p>Regular updates are provided to the Principal Auditor as to the progress of each audit assignment. Regular contract monitoring meetings are also held between the external provider, ICT, the Principal Auditor & the CIA.</p>	<ul style="list-style-type: none"> • Copy of framework • Copy of agreement with provider • Copy of example report • Notes from contract monitoring meeting • Minutes where agreement communicated to AC/SMT <p>No action needed.</p>
Nature of Work				
2100	IA activity must evaluate and contribute to the improvement of the organisations governance, risk management and control processes using a systematic, disciplined and risk based approach. IA credibility and value are enhanced when auditors are proactive and the evaluation offer new insights and consider future impact.	Y	<p>IA activity directly linked to corporate/service level objectives and the associated risk of not achieving these objectives.</p> <p>A risk based approach is used both at the audit planning level and the audit assignment level.</p>	<ul style="list-style-type: none"> • Copy of audit plan • Copy of example audit scope • Copy of example audit report • Examples of changes to schools programme and fundamental systems audit <p>No action needed.</p>

			IA have a set process for all audits which starts with a scoping meeting and the completion of the proforma which identifies strategic risks and the links to the corporate priorities the objectives of the audit and the risk of not achieving the objectives.	
Governance				
2110	<p>IA activity must assess and make appropriate recommendations to improve the organisations governance processes for:</p> <ul style="list-style-type: none"> • Making strategic and operational decisions • Overseeing risk management and control • Promoting appropriate ethics and values within the organisation • Ensuring effective organisational performance management and accountability • Communication risk and control information to appropriate areas of the organisation • Co-ordinating the activities of and communication information among the board, external and internal auditors, other assurance providers and management 	Y	<p>Audit activity complies with this by:</p> <ul style="list-style-type: none"> • Strategic/operational decisions – audit plan and audit scopes based on risks to both strategic risk and operational risk as detailed in service plans. • Overseeing risk management / control – this includes specific audits of risk management function and risk management as applied by SDM's. • Promoting ethics – all audits include an ethics element. This is categorised into themes and shared with Organisational Development & Delivery Team. • Effective organisational performance – all audits look 	<ul style="list-style-type: none"> • Copy of audit plan • Copy of example scope • Copy of ethics questionnaire • Ethics themes

			<p>at how services are meeting their objectives through effective, efficient and economical use of resources.</p> <ul style="list-style-type: none"> • Communication risk – See above comments on risk. • Co-ordinating activity – CIA and Principal Auditor co-ordinate Audit Committee activity 	
2110.A1	IA activity must evaluate the design, implementation and effectiveness of the organisations ethics-related objectives, programmes and activities.	Y	<p>IA have introduced an ethics questionnaire that is included on all audits. IT was felt this is a better approach than completing a separate ethics audit and it makes the ethical approach more embedded into the services culture and operations.</p> <p>Themes from the completed questionnaire are then provided to the Councils Organisational Development and Delivery Team to enable them to implement targeted actions where improvement is required.</p>	<ul style="list-style-type: none"> • Copy of ethics questionnaire • Copy of ethics summary sheet • Example liaison with Organisational Development and Delivery <p>No action needed</p>
2100.A2	IA activity must assess whether the information technology governance of the organisation supports the organisations strategies and objectives	Y	IA contract IT audit specialists to undertake annual reviews of IT and surrounding governance. This has	<ul style="list-style-type: none"> • Copy of contract • Copy of ICT audit plan

			included direct reviews of the ICT strategy and governance.	<ul style="list-style-type: none"> • Copy of example report on governance and strategy <p>No action needed</p>
Risk Management				
2120	<p>IA activity must evaluate the effectiveness and contribute to the improvement of risk management processes. This includes an assessment of:</p> <ul style="list-style-type: none"> • Organisational objectives support and align with the organisations mission • Significant risks are identified and assessed • Appropriate risk responses are selected that align risks with the organisations risk appetite • Relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities 	Y	<p>See above.</p> <p>Organisational objectives – audit plans based on service plans which detail objectives and risk</p> <p>Significant risk – this is covered by looking at strategic risk register and ranking audit recommendations by risk</p> <p>Risk responses – responses to recommendations detailed by SDM and are agreed with Audit and aligned to risk appetite and risk treatment</p> <p>Risk information – this is captured in many forms including as part of service plans, the audit plan and categorisation/assessment of risk in the audit reports reported to management, SMT and AC</p>	<ul style="list-style-type: none"> • See audit plan • See strategic risk register • Example audit report • Reports to SMT/AC • Corporate recommendations report • Example service plan <p>No action needed</p>
2120.A1	<p>IA activity must evaluate risk exposures relating to the organisations governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> • Achievement of the organisations strategic objectives 	Y	See 2120	See above

	<ul style="list-style-type: none"> • Reliability and integrity of financial and operational information • Effectiveness and efficiency of operations and programmes • Safeguarding of assets • Compliance with laws, regulations, polices, procedures and contracts 			
2120.A2	IA activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk	Y	See 2120 – Any fraud identified would be reported to the Principal Auditors/CIA and referred to the fraud team if necessary	See above
2120.C1	During consulting engagements, IA must address risk consistent with the engagements objectives and be alert to the existence of other significant risks	Y	Internal Audit do not undertake consulting engagements.	N/A
2120.C2	IA must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisations risk management processes	Y	Internal Audit do not undertake consulting engagements.	N/A
2120.C3	When assisting management in establishing or improving risk management processes, IA's must refrain from assuming any management responsibility by actually managing risks.	Y	Managers are all required to address recommendations made in the audit report through the completion of the action plan outlining how they plan to address the recommendation made. There is a caveat in appendix 4 of the audit report which emphasises that managers are responsible for the implementation of a sound system of control and that any audit work	See example audit report

			should not be taken as substitute for this.	
Control				
2130	The IA activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continues improvement	Y	Audit programmes of work have objectives which link to the Strategic risks and corporate priorities, which Through undertaking the audit review, we evaluate the effectiveness of the controls and work with service areas to promote continuous improvement.	See example audit scope See example audit report
2130.A1	<p>IA activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisations governance operations and information systems regarding the:</p> <ul style="list-style-type: none"> • Achievement of organisations strategic objectives • Reliability and integrity of financial and operational information • Effectiveness and efficiency of operations and programmes • Safeguarding of assets • Compliance with laws, regulations, policies, procedures and contracts 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>	<p>The audit activity will assess the effectiveness of controls in place to manage risks by evaluating;</p> <ul style="list-style-type: none"> • The service areas objectives align with the Council priorities • The accuracy of information held and produced • The effectiveness of current working procedures and processes • The arrangements in place to ensure all Council assets are safely maintained and protected • That the service areas adheres with laws, regulations, policies, procedures and contracts <p>This is further demonstrated in the audit reports by evaluating the agreed expected controls and both</p>	<p>Copy of Audit Plan</p> <p>Copy of audit report template</p>

			categorising them and giving them a risk rating.	
2130.C1	IA's must incorporate knowledge of controls gained from consulting engagements into evaluation of the organisations control processes	Y	Internal Audit do not undertake consulting engagements.	N/A
Engagement Planning				
2200	IA's must develop and document a plan for each engagement, including the engagements objectives, scope, timings and resource allocations. The plan must consider the organisations strategies, objectives and risks relevant to the engagement	Y	<p>The plan is directed by the audit charter agreed by Audit Committee. The plan is informed and influenced by previous Internal Audit work, areas highlighted during previous audits, areas identified by management teams, , the strategic and ICT risk registers, external assessments and local, regional and national networking intelligence</p> <p>Following discussions with all Service Management Teams an initial plan is drawn up based on the audit resources available for that year.</p> <p>Each audit has its own individual scope, which includes; objectives for undertaking the audit. The risks to be considered whilst undertaking the review, the timings and resource allocated. The scope is shared with the SDM / AD prior to audit commencing.</p>	<ul style="list-style-type: none"> • See audit charter • See service plans • See risk registers • See example audit scope

2201	<p>In planning the engagement, IA's must consider:</p> <ul style="list-style-type: none"> • Strategies and objectives of the activity being reviewed and the means by which the activity controls its performance • The significant risks to the activities objectives, resources and operations and 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 opportunity for making for making significant improvements to the activities governance, risk management and control processes 	Y	<p>This is evident on the scope / pro-forma drafted for each audit</p> <p>Risks and expected controls of the activities being reviewed are detailed on individual working papers. The management of the risk is documented as part of the testing results and this determines the service areas effectiveness and the opportunity for making for making significant improvements to the activities governance, risk management and control processes.</p>	See example scope and audit report
2201.A1	<p>When planning an engagement for parties outside the organisation, IA must establish a written understanding with them about objectives, scope, respective responsibilities and other expectations including restrictions on distribution of the results of the engagement and access to engagement records</p>	Y	<p>There are individual agreements in place which establish the terms and conditions subject to which Internal Audit will deliver the Services for the duration of this agreement to the external Customer.</p>	<p>See external agreements</p> <p>See example scope</p> <p>See example audit report</p>
2201.C1	<p>Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities and other client expectations. For significant engagements, this understanding must be documented</p>	Y	Refer to 2200 - 2201.A1	N/A

Engagement objectives				
2210	Objectives must be established for each engagement	Y	Refer to 2201	N/A
2210.A1	IA must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment	Y	Whilst scoping the audit, the auditor will review the risks of the service area and discuss the objectives with the auditee, the SDM and AD.	See example audit scope See evidence of scope sign off
2210.A2	IA must consider the probability of significant errors, fraud, non-compliance and other exposures when developing the engagement objectives	Y	As noted above these will be considered as part of reviewing the audit scope (if an existing audit programme) or as part of having a pre-scoping meeting to draft the scope	See above
2210.A3	<p>Adequate criteria are needed to evaluate governance, risk management and controls. IA must ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, IA must use criteria in their evaluation. If inadequate, IA must identify appropriate evaluation criteria through discussion with management and/or board.</p> <p>Types of criteria may include:</p> <ul style="list-style-type: none"> • Internal (policies and procedures of organisation) • External (law and regulations imposed by statutory bodies) 	Y	<p>Audit programmes are drafted to evaluate governance, risk management and controls.</p> <p>Testing and discussions determine whether objectives and priorities have been accomplished in the service area.</p> <p>At report and recommendation level the IA will use criteria to assess report assurance and category/level of risk associated with the recommendation. Risks are low, medium or high and categories include best practice,</p>	<ul style="list-style-type: none"> • See example audit scope • See example audit report

	<ul style="list-style-type: none"> Leading practices (industry and professional guidance) Value for money 		policy and procedure, legal and financial regulations.	
2210.C1	Consulting engagement objectives must address governance, risk management and control processes to the extent agreed upon with the client	Y	IA do not undertake consulting engagements.	N/A
2210.C2	Consulting engagement objectives must be consistent with the organisations values, strategies and objectives	Y	IA do not undertake consulting engagements.	N/A
Engagement Scope				
2220	The established scope must be sufficient to satisfy the objectives of the engagement	Y	Whilst scoping the audit, the auditor will review the risks of the service area and discuss the objectives with the auditee, the SDM and AD.	See example scope
2220.A1	The scope of the engagement must include consideration of relevant systems, records, personnel and physical properties, including those under the control of third parties	Y	See above	See above
2220.A2	If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.	Y	IA do not undertake consulting activities.	N/A
2220.C1	In performing consulting engagements, IA must ensure that the scope of the engagement is	Y	IA do not undertake consulting activities.	N/A

	sufficient to address the agreed-upon objectives. If the IA develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.			
2220.C2	During consulting engagements, IA must address controls consistent with the engagements objectives and be alert to significant control issues	Y	IA do not undertake consulting activities.	N/A
Engagement Resource Allocation				
2230	IA must determine appropriate (mix of knowledge, skills and other competencies) and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints and available resources	Y	In compiling the audit plan lots of factors are taken into account when deciding on audit assignment resources, e.g, has area being audited before, have their been process/legal changes in that area, etc. All internal auditors are professionally qualified and have a number of years' experience. Where appropriate work may be allocated to auditors with previous experience in the area being audited.	N/A
Engagement Work Programme				
2240	IA must develop and document work programmes that achieve the engagement objectives	Y	Audit programmes are developed to test whether the objectives identified in the scope are achieved by the service area	<ul style="list-style-type: none"> • See example scope • See related example wps <p>No action needed</p>
2240.A1	Work programmes must include the procedures for identifying, analysing, evaluating and documenting	Y	Audit programmes (working papers) include a brief of what is to	<ul style="list-style-type: none"> • See example scope • See related example wps

	information during the engagement. The work programme must be approved to its implementation and any adjustments approved promptly.		be evaluated. Working papers for new audit areas are approved by the Principal Auditor prior to commencing testing This can be evidenced by the email trails retained on file confirming the Principal Auditor has reviewed the tests.	No action needed
2240.C1	Work programmes for consulting engagements may vary in form and content depending upon the nature of the engagement	Y	IA do not undertake consultancy engagements	N/A
Performing the Engagement				
2300	IA must identify, analyse, evaluate and document sufficient information to achieve the engagements objectives	Y	Following the scoping meeting to identify risks and document information, working papers are set up which are reviewed by the Principal Auditor/CIA.	<ul style="list-style-type: none"> • See example scope • See related example wps <p>No action needed</p>
Identifying Information				
2310	IA must identify sufficient, reliable, relevant and useful information to achieve the engagements objectives	Y	Information is obtained which supports the audit findings and recommendations made. Also taking into account any recent external reviews that have taken place.	<ul style="list-style-type: none"> • See example scope • See related example wps <p>No action needed</p>
2310(1)	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	Y	Working papers are completed following meetings with relevant staff and testing undertaken within the service area. Evidence of non compliance with processes and procedures is obtained and	<ul style="list-style-type: none"> • See example scope • See related example wps <p>No action needed.</p>

	supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organisation meet its goals.		<p>reported on with recommendations made to improve the service and reduce the risk. Working papers are reviewed by the Principal Auditor.</p> <p>The CIA also reviews a sample of audit engagements to check adherence to the PSIAS and relevant internal audit procedures in terms of maintaining adequate evidence to back up findings.</p>	
Analysis and Evaluation				
2320	IA must base conclusions and engagement results on appropriate analyses and evaluations	Y	<p>Conclusions are based on the audit work carried out and evidence is obtained to support this.</p> <p>Also grading of reports and risk levels of recommendations are evaluated using agreed criteria.</p>	<ul style="list-style-type: none"> • See example scope • See example report • See example working papers <p>No action needed.</p>
Documenting Information				
2330	IA must document sufficient, reliable, relevant and useful information to support the engagement results and conclusions	Y	Documented in working papers which are reviewed by the Principal Auditor/CIA, findings and recommendations are then used to produce the draft report.	
2330.A1	The CIA must control access to engagements records. The CIA must obtain the approval of senior	Y	Engagements are held on a shared network drive with limited access to those on a need to know basis.	<p>See example scope</p> <p>No action needed.</p>

	management and/or legal counsel prior to releasing such records to external parties, as appropriate.		Distribution of the audit report is agreed as part of the scoping of the audit.	
2330.A2	The CIA must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organisations guidelines and any pertinent regulatory or other requirements.	P	The Council has a Corporate Information Retention Schedule that details how long audit documentation should be kept for regardless of medium. However, this is inconsistently applied and further work required.	See CIRS Action Needed: Audit manual to be updated to include the process for document retention. Document storage at Stafford Park to be sorted out.
2330.C1	The CIA must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organisations guidelines and any pertinent regulatory or other requirements	N/A	IA do not undertake consulting activity.	N/A
Engagement Supervision				
2340	Engagements must be properly supervised to ensure objectives are achieved, quality is assured and staff is developed	Y	All audit assignments are supervised by the PA and escalated to the CIA if appropriate. If the PA is part of the audit then the CIA will supervise and QA. The CIA also will undertake checks as part of the QAIP checks.	<ul style="list-style-type: none"> • Evidence of CIA review • Evidence of PA review • QAIP checks No action needed
2340(1)	The extent of supervision required will depend on the proficiency and experience of IA and the	Y	The scope of the audit assignment is agreed with the PA and service	<ul style="list-style-type: none"> • See evidence scope agreed by PA/CIA • Evidence of QA checks undertaken

	complexity of the engagement. The CIA has overall responsibility for supervising the engagement, whether performed by or for the IA activity, but may designate appropriately experienced members of the internal audit activity to perform the review. Appropriate evidence of supervision is documented and retained.		area prior to any work being undertaken. Regular updates are provided by the auditor to the PA. The PA will electronically review working papers and audit reports and this will be evidence on these documents. All audit reports go out in the name of the CIA.	<ul style="list-style-type: none"> • Example copy of audit report • QAIP checks completed <p>No action needed</p>
Communicating Results				
2400	IA must communicate the results of engagements	Y	Results of all IA are reported through the issue of Draft, Final Draft and Final Reports. Results are also reported to the Audit Committee with any that are Amber or Red being highlighted	<ul style="list-style-type: none"> • See copy of scope where report distribution agreed • See copy of example audit report • See copy of papers to audit committee <p>No action needed</p>
Criteria for Communicating				
2410	Communications must include the engagements objectives, scope and results	Y	Scope and objectives are agreed with the service area at the start of the IA activity these are then communicated with the scope to be agreed and also included in audit reports issued at the end of the audit process. All Service Delivery Managers, Assistant Directors and Directors are copied in when scopes and reports are issued to enable them to have input/make comment	<ul style="list-style-type: none"> • See copy of example scope • See example where PA/CIA agrees scope • See auditee agreement of scope • See copy of audit report for results <p>No action needed</p>
2410.A1	Final communication of engagement results must include applicable conclusions, as well as applicable	Y	Communication with auditees takes place throughout the audit	See example of audit report

	<p>recommendations and/or action plans. Where appropriate, the internal auditor's opinion should be provided. An opinion must take into account the expectations of senior management, the board and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.</p>		<p>engagement both verbally and through the use of email. Engagement results are communicated through the Draft, Final Draft and Final reports, these reports are produced using a standard template and include the audit opinion and give a summary of how that opinion was arrived at (these opinions are supported by working papers which contain testing results and more detailed work that has been used to arrive at the overall opinion. Where relevant if there is an area of particular concern or an area where there is particularly good practice this is highlighted in the management summary. Senior Managers are asked to add their comments and actions to address the implementation of the recommendation on the report which is communicated widely within the service area.</p>	<p>No action needed</p>
2410.A1(1)	<p>Opinion at the engagement level may be ratings, conclusions or other descriptions of the results. Such an engagement may be in relation to controls around a specific process, risk or business unit. The formulation of such opinions requires consideration of the engagement results and their significance.</p>	Y	<p>A table at the back of the audit report shows where an area is considered to be satisfactory and there have been no recommendations made. All recommendations made in audit reports are categorised as</p>	<p>See copy of report. No action needed.</p>

			Policy & Performance, Financial Regulations, Legal or Regulatory Requirement, they are also categorised as high, medium or low risk	
2410.A2	IA are encouraged to acknowledge satisfactory performance in engagement communications	Y	A table at the back of the audit report shows where an area is considered to be satisfactory and there have been no recommendations made.	See example audit report. No action needed.
2410.A3	When releasing engagement results to parties outside the organisation, the communication must include limitations on distribution and use of the results	Y	Engagement results are not communicated outside the organisation. If such as request occurred IA would discuss with the relevant auditee and caveats would be given to the external body. Results of audit work performed are reported to the audit committee, the results only provide limited information which includes name of audit area, opinion (Green, yellow, amber or red) when follow up is due, days allocated/taken and % variance. These results are included in the Audit Report to the committee which is available on the councils website.	N/A

			Grant Thornton external auditors appointed by the council receive copies of all final reports in full from the Principal Auditor.	
2410.C1	Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client	Y	IA do not conduct consulting engagements.	N/A
Quality of Communications				
2420	Communications must be accurate, objective, clear, concise, constructive, complete and timely.	Y	All scopes and reports are checked prior to issue to ensure that they are accurate, objective, clear, concise, constructive, complete and timely. The CIA also performs checks on this during QAIP checks in compliance with PSIAS.	<ul style="list-style-type: none"> • See example audit report. • See QAIP checks <p>No action needed.</p>
2420(1)	Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial and unbiased and are the result of a fair minded and balanced assessment of all relevant facts and circumstances. Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy and wordiness. Constructive communications are helpful to the engagement client and the organisation and lead to	Y	Working papers and reports are subject to quality review prior to the issue of reports. Communication is ongoing throughout the course of the audit engagement both verbally and through the use of e mails, if a significant concern/risk is identified as part of the audit work then this is brought to the attention of the appropriate manger immediately to enable corrective action to be taken in a timely manner	<ul style="list-style-type: none"> • See example audit report. • See QAIP checks <p>No action needed.</p>

	improvements where needed. Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.			
Errors and Omissions				
2421	If a final communication contains a significant error or omission, the CIA must communicate corrected information to all parties who received the original communication.	Y	Where errors are found the correction will be sent to all parties involved.	N/A
Use of 'Conducted in Conformance with the International Standards'				
2430	Indicating that engagements are conducted in conformance with the International Standards for the Professional Practice of Internal Auditing is appropriate only if supported by the results of the quality assurance and improvement programme.	Y	Results of QIAP are reported to SMT and audit committee at least 4 times a year.	<ul style="list-style-type: none"> • QAIP examples • See SMT/AC reports • Audit scoping document <p>No action needed.</p>
Engagement Disclosure and Non-conformance				
2431	<p>When non-conformance with the Code of Ethics or the Standards impacts a specific engagement, communications of the results must disclose the:</p> <ul style="list-style-type: none"> • Principle(s) or rule(s) of conduct of the Code of Ethics or the Standards with which full conformance was not achieved • Reason(s) for non-conformance • Impact of non-conformance on the engagement and the communicated engagement results 	Y	<p>This is not really applicable but IA would follow standard requirements in such cases.</p> <p>Standard ways of working, templates and professional QA by PA and/or CIA hopefully result in no instances of code of ethics/standards being not being complied with.</p>	N/A

Disseminating Results				
2440	The CIA is responsible for reviewing and approving the final engagement communication before issuance and deciding to whom and how it will be disseminated. When the CIA delegates these duties, he or she retains overall responsibility.	Y	There is a standard audit process as to who receives draft, final draft and final reports. Audit reports clearly state they are being sent on behalf of the CIA.	<ul style="list-style-type: none"> • See report template • See example of reviews of audit assignments No action needed.
2440.A1	The CIA is responsible for communication the final results to parties who can ensure that the results are given due consideration	Y	The CIA has delegated this to the PA, however he maintains overall responsibility.	See example audit report No action needed.
2440.A2	If not otherwise mandated by legal, statutory or regulatory requirements, prior to releasing results to parties outside the organisation the CIA must: <ul style="list-style-type: none"> • Assess the potential risk to the organisation • Consult with senior management and/or legal counsel as appropriate, and • Control dissemination by restricting the use of the results 	Y	Very little IA information is sent outside of the organisation however there may be occasions where information is shared with other Authorities/ network groups. In these instances the CIA will assess the risk and approve prior to sending.	N/A
2440.C1	The CIA is responsible for communicating the final results of consulting engagements to clients.	Y	IA do not undertake consulting engagements	N/A
2440.C2	During consulting engagements, governance, risk management and control issues may be identified. Whenever these issues are significant to the organisation, they must be communicated to senior management and the board.	Y	IA do not undertake consulting engagements	N/A
Overall opinion				
2450	When an overall opinion is issued, it must take into account the strategies, objectives and risks of the	Y	Evidenced in all Final audit reports.	See example audit report

	<p>organisation and the expectations of senior management, the board and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant and useful information.</p> <p>The communication will include:</p> <ul style="list-style-type: none"> • Scope including the time period to which the opinion pertains • Scope limitations • Consideration of all related projects including the reliance on other assurance providers • Summary of the information that supports the opinion • Risk or control framework or other criteria used as a basis for the overall opinion • Overall opinion, judgement or conclusion reached <p>Reasons for an unfavourable overall opinion must be stated</p>			No action needed
2450(1)	<p>CIA must deliver an annual internal audit opinion and report that can be used by organisation to inform its governance statement.</p> <p>The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control.</p>	Y	<p>Annual report produced to inform the AGS.</p> <p>QAIP was introduced in February 2015</p>	<p>See last AGS</p> <p>No action needed:</p>

	The annual report must also include a statement on conformance with the PSIAS and the results of the QAIP			
Monitoring Progress				
2500	CIA must establish and maintain a system to monitor the disposition of results communicated to management	Y	Disposition of results communicated are QA'd by PA or the CIA. Also QAIP are completed by CIA	<ul style="list-style-type: none"> Evidence of QA of audit reports See example of QAIP <p>No action needed.</p>
2500.A1	CIA must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action	Y	There is a follow up process in place	<p>See process maps.</p> <p>No action needed.</p>
2500.C1	IA activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client	N/A	IA do not undertake consulting engagements	N/A
Communicating the Acceptance of Risks				
2600	When CIA concludes that management has accepted a level of risk that may be unacceptable to the organisation, the CIA must discuss the matter with senior management. If the CIA determines that the matter has not been resolved, the CIA must communicate the matter to the board.	Y	<p>The CIA meets regularly with the S151, monitoring officer and Managing director, he will share his concerns at these meeting.</p> <p>The AD / Director or the service area will be informed of the CIA concerns with regard to the level of risk acceptable.</p>	<p>Notes of meetings with MD and statutory officers.</p> <p>No action needed.</p>
2600(1)	Identification of risk accepted by management may be observed through an assurance or consulting engagement, monitoring progress on actions taken by management as a result of prior engagements,	Y	All recommendations made in audit reports are risk rated, ie medium/high. These will be discussed with managers and	<ul style="list-style-type: none"> See process flow See example audit reports

	or other means. It is not the responsibility of the CIA to resolve the risk		relevant actions put in place to manage this risk. All audits are followed up to monitor progress against each risk. Management will be expected to determine the level of risk they are willing to accept	No action needed
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