

**CHECKLIST FOR ASSESSING CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND THE LOCAL GOVERNMENT  
APPLICATION NOTE**

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? b) Objective?	✓			<p>The Audit Manager reports to senior management and the Audit &amp; Standards Committee. An Audit Charter is in place that sets out Internal Audit's independence. Internal Audit has no executive responsibilities, thus protecting its independence of reporting and action.</p> <p>Objectivity is one of the four fundamental principles listed in the Internal Audit Charter and Code of Ethics. To achieve this all reports are reviewed by the HIA prior to issue to ensure that the auditor has remained objective and provided a balanced view.</p>
	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?	✓			<p>There is a risk-based annual audit plan in place. The IA Procedure Manual provides guidance to auditors. Standard methodology in place for determining the ranking of risk issues and audit reports. A standardised reporting format used. The audit work undertaken supports an annual audit opinion on the effectiveness of risk management, control and governance processes.</p>

Ref	Conformance with the Standard	Y	P	N	Evidence
2	Code of Ethics				
	<p>Integrity</p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors:</p> <p>a) Perform their work with honesty, diligence and responsibility?</p> <p>b) Observe the law and make disclosures expected by the law and the profession?</p> <p>c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of internal auditing or to the organisation?</p> <p>d) Respect and contribute to the legitimate and ethical objectives of the organisation?</p>	✓			Internal auditors are bound by their ethical and professional standards. All work undertaken within the section undertaken in conformance with the Audit Charter and the Code of Ethics and subject to review by the HIA. Staff are assessed through the performance appraisal process and feedback on work undertaken is sought from management. Responsibilities and duties are set out in detailed job descriptions.
	<p>Objectivity</p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not:</p> <p>a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?</p> <p>b) Accepting anything that may impair or be presumed to impair their professional judgement?</p> <p>c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?</p>	✓			Internal auditors must comply with Audit Charter / Code of Ethics. Auditors complete an annual declarations of interests.
	<p>Confidentiality</p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>a) Acting prudently when using information acquired in the course of their duties and protecting that information?</p> <p>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?</p>	✓			Internal auditors understand the requirement for confidentiality when using information in the course of their duties and the need to protect that information. This requirement is set out in both the IA Procedure Manual and Code of Ethics, and all auditors are aware of this.

Ref	Conformance with the Standard	Y	P	N	Evidence
	<p>Competency</p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>a) Only carrying out services for which they have the necessary knowledge, skills and experience?</p> <p>b) Performing services in accordance with the PSIAS?</p> <p>c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?</p>	✓			The Code of Ethics requires that internal auditors should apply the knowledge, skills and experience needed in the performance of internal auditing services, seeking additional advice and support where necessary to ensure work is carried out competently. Training needs are assessed annually through the performance appraisal process.
	Do internal auditors have regard to the Standards of Public Life's Seven Principles of Public Life?	✓			The Standards of Public Life are incorporated into the Code of Ethics and a copy is permanently displayed in the audit office. All audit staff are aware of and have regard for them.
	Standards				
3	Attribute Standards				
3.1	1000 Purpose, Authority and Responsibility				
	<p>Does the internal audit charter include a formal definition of:</p> <p>a) the purpose</p> <p>b) the authority, and</p> <p>c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?</p>	✓			The Internal Audit Charter has been updated to include an up to date definition in accordance with the PSIAS and includes the purpose, authority and responsibilities of internal audit together with its independence, role and rights of access.
	<p>Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity?</p> <p>Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.</p>	✓			The Internal Audit Charter defines the 'board' as the Audit & Standards Committee and 'Senior Management' as the Management Team

Ref	Conformance with the Standard	Y	P	N	Evidence
AN	Does the internal audit charter also:	✓			The Internal Audit Charter has been updated reflect all the requirements of the Standards
	a) Set out the internal audit activity's position within the organisation?				
	b) Establish the CAE's functional reporting relationship with the board?				
	c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively?				
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?				
	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? f) Define the scope of internal audit activities?				
LGAN	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?				
LGAN	h) Identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the Accounts and Audit (England) Regulations 2011?				
LGAN	i) Establish the organisational independence of internal audit?				
	j) Cover the arrangements for appropriate resourcing?				
	k) Define the role of internal audit in any fraud-related work?				
LGAN	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?				
	m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?				
	n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation? o) Define the nature of consulting services?				
	p) Recognise the mandatory nature of the PSIAS?				

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	✓			Last updated in November 2015. Any further updates required, other than amendments that reflect organisational changes, will be presented to Management Team and the Audit & Standards Committee for approval.
	Does the CAE attend audit committee meetings?	✓			Attendance at all meetings except any exclusively devoted to annual accounts (usually one such meeting per year).
	Does the CAE contribute to audit committee agendas?	✓			Contributes to the Forward Work Programme and the Audit & Standards Committee agenda.
3.2	1100 Independence and Objectivity				
	Does the CAE have direct and unrestricted access to senior management and the board?	✓			HIA has unrestricted access to all members of Management Team and regularly reports to the Section 151 Officer. Head of Internal Audit has freedom to report independently and impartially in his own name to all officers and members and particularly the Audit & Standards 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?	✓			Access rights and reporting lines are specified in the Internal Audit Charter. HIA can contact Chief Executive and Chair of the Audit & Standards Committee at any time. There is also the opportunity for the HIA to meet privately with the Chair of the Audit & Standards Committee.
	Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	✓			Audit staff complete declaration of interests annually. Moreover, Internal Audit has no non-audit responsibilities, thus protecting its independence and objectivity. The HIA acts as liaison for the Council's corporate fraud service, but the service is externally managed.

Ref	Conformance with the Standard	Y	P	N	Evidence
	1110 Organisational Independence				
	Does the CAE report to an organisational level equal or higher to the corporate management team?	✓			The Head of Internal Audit reports to the Head of Governance, who is a member of the corporate Management Team. In addition, the HIA has unrestricted reporting access to all Directors and Management Team itself. Internal audit activity is organisationally independent in both its planning and operation.
LGAN	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓			See above.
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.	✓			Access rights and reporting lines are specified in the Internal Audit Charter and the HIA can contact the Chief Executive and/or Section 151 Officer at any time.
LGAN	Does the CAE's position in the management structure: a) Reflect the influence he or she has on the control environment? b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓			Audit plans are agreed with Management Team and Audit & Standards Committee. Audit reports, including action plans, are issued to the relevant Director/Service Head.
	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: The board: a) approves the internal audit charter b) approves the risk-based audit plan c) approves the internal audit budget and resource plan d) receives communications from the CAE on the activity's performance (in relation to the plan, for example) e) approves decisions relating to the appointment and removal of the CAE f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓  ✓ ✓  ✓ ✓	   x   ✓		HIA confirms to the Audit & Standards Committee annually that internal audit activity is independent in the HIA's annual report. a) Audit & Standards Committee b) Management Team and Audit & Standards Committee c) Full Council d) Audit & Standards Committee e) Audit & Standards Committee f) Audit & Standards Committee The approval of the budget is the responsibility of the Council however, resource plans are approved by the Audit and Standards Committee as part of the internal audit annual planning process. No action possible.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?	✓			The Chief Executive contributes feedback to the HIA's annual staff appraisal.
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	✓			Feedback from the Chair of the Audit & Standards Committee is sought and provided as part of the HIA's staff appraisal process.
	1111 Direct Interaction with the Board				
	Does the CAE communicate and interact directly with the board?	✓			HIA reports directly to the Audit & Standards Committee
	1120 Individual Objectivity				
	Do internal auditors have an impartial, unbiased attitude?	✓			Auditors are expected to deploy impartial and effective professional judgement. Feedback questionnaires sent after each audit are used to monitor the auditors' approach.
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			Auditors report any potential conflict to HIA, and the HIA to the Chief Financial Officer.
	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)?	✓			None has arisen.
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?	✓			Internal audit has no non-audit operational responsibilities with the limited exception of the fraud Collaboration Agreement, which is externally managed.
	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?	✓			HIA does not have any direct operational responsibility.
LGAN	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?			x	The team is not large enough to allow this. However, all audit work is subject to independent review by HIA. No further action possible.
LGAN	Have internal auditors declared interests in accordance with organisational requirements?	✓			Auditors sign declarations of interest forms annually.

Ref	Conformance with the Standard	Y	P	N	Evidence
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?	✓			None offered or accepted. Online declaration process available.
LGAN	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?			✓	There have been no such instances. NB; 'No' is the answer that achieves conformance with the standard.
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?	✓			Auditors sign declaration of interest forms annually.
LGAN	Have internal auditors complied with the Bribery Act 2010?	✓			The Council has an Anti-Bribery Policy that reflects the requirements of the Bribery Act 2010. Internal auditors have received a copy of the policy and are fully aware of its terms and requirements.
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?	✓			No impairment of independence has arisen in any event.
	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	✓			Any significant changes to the approved audit plan must be reported to the Audit & Standards Committee for endorsement.
3.3	1200 Proficiency and Due Professional Care				
	1210 Proficiency				
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			CIPFA
	Is the CAE suitably experienced?	✓			HIA since 1981.
LGAN	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			HIA fully responsible for recruitment.
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?	✓			Job descriptions and person specifications in place.



Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓			Auditor competencies assessed by annual staff appraisals. Computer audit skills are bought-in from LCC. In addition, the HIA is a member of the Lancashire Districts Audit Group for knowledge sharing. TIS online available for advisory backup.
	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?	✓			Internal Audit buys in additional resources where there is a perceived skills gap.
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓			Internal Audit is aware of fraud risks and the role of internal audit, particularly in the prevention of fraud. IA also has the benefit of advice from Preston City Council Fraud Manager as part of the Collaboration Agreement.
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓			Computer audit skills are bought-in from LCC and used to formulate an IT audit workplan on the basis of risk
	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?	✓			Internal audit co-operates with Blackpool Council in the use of data analysis to focus assurance testing work in relation to shared financial systems.
	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? b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? c) Adequacy and effectiveness of governance, risk management and control processes? d) Probability of significant errors, fraud, or non-compliance? e) Cost of assurance in relation to potential benefits?	✓			Overall consideration takes place as part of the annual planning cycle. Analysis of these factors is undertaken planning stage of every assignment. Risks (including fraud risk) are considered when scoping and undertaking the audit. Audit work is reviewed and time spent on engagements recorded and monitored. If additional work is required the SA will agree this with the HIA subject to an assessment of cost/benefits.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Do internal auditors exercise due professional care during a consulting engagement by considering the: a) Needs and expectations of clients, including the nature, timing and communication of engagement results? b) Relative complexity and extent of work needed to achieve the engagement's objectives? c) Cost of the consulting engagement in relation to potential benefits?	✓			All these matters are discussed with the client at the scoping meeting when the terms of reference are agreed.
	1230 Continuing Professional Development				
LGAN	Has the CAE defined the skills and competencies for each level of auditor?	✓			Defined in the person specification for each position.
LGAN	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓			Annual staff appraisal process.
	Do internal auditors undertake a programme of continuing professional development?	✓			Each auditor is responsible for their own CPD where appropriate to meet the requirements of their professional body.
	Do internal auditors maintain a record of their professional development and training activities?	✓			Maintained by each individual.
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?	✓			A QAIP has been developed to demonstrate conformance with the Definition of Internal Auditing, the Code of Ethics and the PSIAS.
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	✓			The QAIP identifies opportunities for improvement based on the assessment of the efficiency and effectiveness of internal audit activity.
	Does the CAE maintain the QAIP?	✓			The HIA maintains the QAIP
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)?	✓			A review of the system of internal control is conducted by the HIA annually and presented to the Audit & Standards Committee in accordance with the PSIAS checklist. (Note the Accounts and Audit (England) Regulations 2011 section 6(3) have been revoked)

Ref	Conformance with the Standard	Y	P	N	Evidence
	1310 Requirements of the Quality Assurance and Improvement Programme				
	Does the QAIP include both internal and external assessments?	✓			An external review of the effectiveness of the internal audit function forms part of the QAIP and will be carried out within the time frames established by the PISIAS (at least once every five years). This will take the form of a self-assessment subsequently validated by suitably qualified individuals or teams from members of the Lancashire District Councils Audit Group on a reciprocal basis across a 5 year cycle.
	1311 Internal Assessments				
LGAN	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			This process is part of the planning process for individual assignments within the limitations of a small audit team. However, LCC will be used if technical IT skills are required or Preston City for fraud investigation activities.
	Do internal assessments include ongoing monitoring of the internal audit activity such as: a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PISIAS?	✓			a) All audit work is subject to quality review. b) Annual assessments carried out by HIA.
LGAN	Does ongoing performance monitoring include comprehensive performance targets?	✓			There are comprehensive performance targets for the audit team, which are reported to the Audit & Standards Committee. Where appropriate individual targets may be agreed for internal auditors, both at fortnightly planning meetings or during annual staff appraisals.

Ref	Conformance with the Standard	Y	P	N	Evidence
LGAN	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓			Performance measures and targets were developed following an exercise to canvass the views of stakeholders. Subsequently the former Audit Committee adopted the seven indicators with the highest usefulness ratings from stakeholders and established performance targets.
LGAN	Does the CAE measure, monitor and report on progress against these targets?	✓			Progress against departmental targets reported to Audit & Standards Committee twice yearly.
LGAN	Does ongoing performance monitoring include obtaining stakeholder feedback?	✓			Feedback questionnaires are issued on completion of every audit assignment.
	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.	✓			Self Assessments have been carried out by the HIA, both against the previous CIPFA standards and the current PSIAS. In previous years peer review external assessments have been undertaken by other Heads of Internal Audit and the external auditor.  Arrangements for the conduct of the periodic external review to ensure compliance with the PSIAS and the Local Government Application Note will take the form of a self-assessment subsequently validated by suitably qualified individuals or teams from members of the Lancashire District Councils Audit Group on a reciprocal basis across a 5 year cycle.
LGAN	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	✓			Previous external assessment included a review of the annual HIA report, which documents the achievement of the audit plan and its wider aims and objectives. It is anticipated that this will continue.
	1312 External Assessments				
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			An external assessment of the internal audit function will be carried out within the time frames established by the PISIAS (at least once every five years). See above.

Ref	Conformance with the Standard	Y	P	N	Evidence
LGAN	Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?	✓			See above for description of external assessment arrangements.
	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?	✓			The former Audit Committee approved the external assessment would take the form of a peer review with neighbouring authorities. See above for description of external assessment arrangements.
LGAN	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CEO or the chief executive?	✓			See above for description of external assessment arrangements.
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	✓			Scope of the external assessment will be in accordance with the requirements of the PSIAS. A detailed pilot exercise will feedback to LDCAG to finalise arrangements.
	Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process? Competence can be determined in the following ways: a) experience gained in organisations of similar size b) complexity c) sector (i.e. the public sector) d) industry (i.e. local government), and e) technical experience. Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.	✓			External assessment will be undertaken by suitably qualified individuals or teams from members of the Lancashire District Councils Audit Group with experience gained in organisations of: a) similar size b) complexity c) sector (i.e. the public sector) d) industry (i.e. local government), and with suitable e) technical experience.
	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?	✓			See above for description of external assessment arrangements.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.	✓			See above for description of external assessment arrangements.
	1320 Reporting on the Quality Assurance and Improvement Programme				
	Has the CAE reported the results of the QAIP to senior management and the board? Note that: 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.	✓			The results of the QAIP has been reported to senior management and is presented to former Audit Committee. This will occur on an annual basis. Conformance with the PSIAS is the principal focus of the report.
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓			Progress against the improvement plan arising from the QAIP was included in the annual report.
	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?	✓			Subsequent to the 2014 self-assessment, broad conformance to the PSIAS was reported in the HIA annual report. Following the current exercise it will be confirmed that the service complies in all material aspects with the PSIAS.
	1322 Disclosure of Non-conformance				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			This report shows the current position. Further self assessments will be carried out annually and duly reported to Audit & Standards Committee.
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓			Nothing has been revealed that impacted sufficiently to merit inclusion in the governance statement but any significant deviations would be reflected in the governance statement.

Ref	Conformance with the Standard	Y	P	N	Evidence
4	Performance Standards				
4.1	2000 Managing the Internal Audit Activity				
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	✓			Evidenced by audit reports and action plans, as reported in the annual report and annual assurance opinion.
	Does the internal audit activity conform with the Definition of Internal Auditing and the Standards	✓			The Internal Audit Charter and the IA Procedure Manual both demonstrate this.
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the Code of Ethics and the Standards?	✓			Internal auditors are familiar with the Audit Charter and the Code of Ethics and demonstrate conformance.
	Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance? b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	✓			Audit plan is based on the organisation's objectives. Every audit review gives consideration to these areas and audit reports contain recommendations designed to enhance governance, risk management and internal control. Client feedback scores are high.
	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?	✓			The priorities of internal audit are established in the Audit Charter and Strategy, which are reflected in the risk-based plan and refer to the Council's objectives.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			The risk-based plan is designed to provide evidence needed for annual opinion.
	Does the risk-based plan take into account the organisation's assurance framework?	✓			Sources of assurance are considered during planning. The audit plan takes account of the Annual Governance Statement, strategic risk management group, external audit reports, internal audit reports and any other relevant external/peer reviews. We are also developing a more formalised and extensive assurance framework in conjunction with management.

Ref	Conformance with the Standard	Y	P	N	Evidence
	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? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	✓			a) Documented in the Internal Audit Charter b) Documented in the Internal Audit Strategy c) Development of the IA Service will be identified as part of the annual assessment process d) Plan is linked to the Council's corporate objectives
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			Although this is not documented within the Audit Plan, awareness of national issues is referred to in the Internal Audit Strategy and both local and national issues and risks are considered during the process of developing the plan.
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	✓			Risk management framework assessed by internal audit and thereby relative risk maturity.
	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?	✓			A risk management framework exists.
LGAN	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	✓			The detailed plan sets out the audit work to be carried out and the priorities of those pieces of audit work, together with an estimate of resources needed
LGAN	Does the risk-based plan differentiate between audit and other types of work?	✓			All work categorised within the plan.
LGAN	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓			The plan includes a contingency allowance, and is subject to review throughout the year.
	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?	✓			The plan is subject to review throughout the year, with significant amendments reported to the Audit & Standards Committee.



Ref	Conformance with the Standard	Y	P	N	Evidence
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓			The planning process is based on a documented annual risk assessment.
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓			See above.
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)? b) The requirement to use specialists, e.g. IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	✓			a) Considered in assignment planning. There are currently no known conflicts b) Considered in assignment planning. c) Contingency included in the plan.  d) Included in the plan.
	Is the input of senior management and the board considered in the risk assessment process?	✓			Consultation takes place with senior management whilst producing the audit plan. Chair and Vice Chair of Audit & Standards Committee consulted on risk.
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓			During audit planning and in the production of the annual IA report
	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?	✓			All proposed consulting work is considered before it is accepted.
	Are consulting engagements that have been accepted included in the risk-based plan?	✓			Included in the plan and reported to the Audit & Standards Committee.
	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?	✓			Reported to Management Team and Audit & Standards Committee.

Ref	Conformance with the Standard	Y	P	N	Evidence
	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?	✓			Reported to Management Team and Audit & Standards Committee as necessary.
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓			Reported to Management Team and Audit & Standards Committee as necessary.
	2030 Resource Management				
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓			Assessment of IA resource requirements is documented in the Internal Audit Charter approved by Audit & Standards Committee.
LGAN	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	✓			All managers are consulted prior to commencement of annual plan. Also discussed in planning meetings and updated throughout the year
LGAN	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.	✓			Reported to Management Team and Audit & Standards Committee as necessary.
	2040 Policies and Procedures				
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓			Internal Audit Charter and IA Procedure Manual in place.
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 IA Procedure Manual and/or using electronic management systems.	✓			Internal Audit Charter and IA Procedure Manual conform to the PSIAS.
LGAN	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	✓			Regular reviews to ensure compliance with new requirements.

Ref	Conformance with the Standard	Y	P	N	Evidence
	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?	✓			Reliance placed on external auditors and regulators. Other sources of assurance considered are risk management arrangements / external audit reports / annual assurance statement / financial reports / internal audit reviews / annual service head assurance certificates.
LGAN	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?		✓		The Internal audit plan has been developed with a knowledge of other sources of assurance, however, no formal mapping exercise is undertaken. The use of assurance mapping to identify all sources of assurance and the extent to which they can be relied upon is currently being piloted.
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	✓			All IA reports and annual plan shared with external auditors.
LGAN	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?		✓		There is liaison and co-operation with external auditors but face to face meetings are rare. Annual plans are shared. No further action possible
	2060 Reporting to Senior Management and the Board				
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓			Regular reports to Audit & Standards Committee and liaison meetings with Section 151 Officer.
	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?	✓			The Audit & Standards Committee is informed of all high priority concerns, and of the overall level of assurance assessed for each area reviewed. Audit reports with full details are provided to the responsible Head of Service.

Ref	Conformance with the Standard	Y	P	N	Evidence
	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?	N/A	N/A	N/A	An external IA service provider is not used.
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?	✓			Overall aim of the internal audit service.
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	✓			Through the completion of the audit plan.
	2110 Governance				
	Does the internal audit activity: a) Promote appropriate ethics and values within the organisation? b) Ensure effective organisational performance management and accountability? c) Communicate risk and control information to appropriate areas of the organisation? d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	✓			Through the completion of the audit plan and communication of audit findings to management.
	Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	✓			Through individual assignments and by the input of the HIA to the Corporate Governance Group. IA also specifically reviews corporate governance framework annually.
	Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	✓			HIA is a member of Corporate Governance Group which considers these matters. IA reviews Ethical Governance periodically - such a review was carried out as part of the 2014/15 audit plan.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	✓			Information technology governance included in the audit universe. Various relevant reviews undertaken in conjunction with LCC IT-audit team.
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?	✓			All competing priorities are considered when finalising the 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? b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation's risk appetite? d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?	✓			Risk management included in the audit plan every other year.
	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? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓			As part of audit planning and the completion of individual audit assignments.
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	✓			Corporate fraud team regularly evaluate potential fraud areas in order to target resources. This information forms part of audit planning. In addition, fraud risks are considered when scoping and undertaking individual audit reviews. IA periodically test compliance with counter fraud policies.
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓			Dependent on the nature of the assignment.
	Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓			Any other risks noted are reported to management.

Ref	Conformance with the Standard	Y	P	N	Evidence
	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?	✓			Auditors do not take on management responsibility or risk management roles.
	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? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓			As part of audit planning and the completion of individual audit assignments.
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓			All relevant knowledge is used.
4.3	2200 Engagement Planning				
	Do internal auditors develop and document a plan for each engagement?	✓			A scoping / terms of reference document is developed and agreed for each audit review.
	Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource allocations?	✓			Standard format that includes all these.
	Do internal auditors consider the following in planning an engagement, and is this documented: a) The objectives of the activity being reviewed? b) The means by which the activity controls its performance? c) The significant risks to the activity being audited? d) The activity's resources? e) The activity's operations? f) The means by which the potential impact of risk is kept to an acceptable level? g) The adequacy and effectiveness of the activity's governance, risk	✓			These aspects are considered in planning an audit, the extent of consideration of each depends on the area under review and the reason for the review. Details will therefore not always be fully documented for every aspect for every audit, however relevant aspects are considered as part of the preparation for each assignment.

Ref	Conformance with the Standard	Y	P	N	Evidence
	management and control processes compared to a relevant framework or model? h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?				
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? 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)?	N/A	N/A	N/A	No work undertaken outside of the organisation.
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following: a) Objectives? b) Scope? c) The respective responsibilities of the internal auditors and the client and other client expectations?	✓			Agreed with management at the start of the work.
	For significant consulting engagements, has this understanding been documented?	✓			See above.
	2210 Engagement Objectives				
	Have objectives been agreed for each engagement?	✓			Objectives are agreed.
	Have internal auditors carried out a preliminary risk assessment of the activity under review?	✓			Completed whilst formulating the terms of reference. Auditors will review previous audits, risk registers and other intelligence.
	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	✓			Where applicable.
	Have internal auditors considered the probability of the following, when developing the engagement objectives: a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?	✓			When developing the terms of reference.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?	✓			Management plans and processes track progress against corporate objectives. KPI's included within the audits where applicable.
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓			Risk register, documented internal controls and KPIs reviewed where applicable to the area under review and the nature of the assignment.
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?	✓			Lack of KPIs and controls reported where applicable.
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?	✓			Where referred to. Few value for money assignments completed.
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	✓			Objectives agreed with the client.
	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	✓			Objectives agreed with the client.
	2220 Engagement Scope				
	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	✓			The scope of the audit work is agreed at the start of the audit. If during the audit the scope has to be extended to ensure the objectives of the audit are met, this is agreed with the HIA.
	Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems? b) Records? c) Personnel? d) Premises?	✓			All assignments include consideration of systems. Other aspects considered when appropriate.
	Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate: a) Systems? b) Records? c) Personnel? d) Premises?	✓			This scenario would apply for activities undertaken for the Council by third parties, such as Blackpool Council where audits would consider these areas.



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?	✓			This has not occurred. However, should this occur, this process would be followed
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?	✓			This has not occurred. However, should this occur, this process would be followed
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	✓			Scope agreed at the start of the audit.
	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?	✓			This has not occurred. However, should this occur, this process would be followed
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	✓			As normal procedure.
	During consulting engagements, were internal auditors alert to any significant control issues?	✓			As normal procedure.
	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? b) Any time constraints? c) The resources available?	✓			Planned at start of the year, then amended with detailed planning where applicable.
	2240 Engagement Work Programme				
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			Work programmes developed for each engagement.
	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	✓			Work programme sets out the objective of each test, the information required, documentation required and the evaluation/analysis required.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Were work programmes approved prior to implementation for each engagement?	✓			Agreed by HIA and Senior Auditor.
	Were any adjustments required to work programmes approved promptly?	✓			Agreed by HIA and/or Senior Auditor.
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? b) Analyse sufficient information? c) Evaluate sufficient information? d) Document sufficient information?	✓			Working papers reviewed by HIA and/or Senior Auditor. Checks are made to ensure that the objectives of the audit have been achieved and that there is sufficient evidence to support any findings. Additional work may be required or certain matters require further clarification.
	2310 Identifying Information				
	Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information? c) Relevant information? d) Useful information?	✓			Quality assurance reviews of working paper files by HIA and /or Senior Auditor. See above.
	2320 Analysis and Evaluation				
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	✓			Quality assurance reviews of working paper files by HIA and /or Senior Auditor. See above.
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 when performing their individual audits, and has this been documented?	✓			All internal auditors are aware of the need to look for concerns in areas a) to e) in any audit undertaken.

Ref	Conformance with the Standard	Y	P	N	Evidence
	2330 Documenting Information				
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			Standardised reports are used to document conclusions and findings along with a management action plan.
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?	✓			Quality assurance reviews of working paper files by HIA and /or Senior Auditor.
	Does the CAE control access to engagement records?	✓			Access rights are documented in the IA Procedure Manual.
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	✓			To date this has not occurred. However, should it do so, this process would be followed.
	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			IA document retention arrangements developed within IA Procedure Manual.
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓			Any retention periods agreed are consistent with the Council's Retention Policy and documented in the IA Procedure Manual.
	2340 Engagement Supervision				
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			Supervised by HIA and/or Senior Auditor
	Is appropriate evidence of supervision documented and retained for each engagement?	✓			Recorded in the files for each assignment.
4.5	2400 Communicating Results				
	Do internal auditors communicate the results of engagements?	✓			Initially at pre-closure meetings if held, then also at closure meeting, draft and final reports.
	2410 Criteria for Communicating				
	Do the communications of engagement results include the following: a) The engagement's objectives? b) The scope of the engagement? c) Applicable conclusions? d) Recommendations and action plans, if appropriate?	✓			Included in reports.

Ref	Conformance with the Standard	Y	P	N	Evidence
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?	✓			Standard practice.
LGAN	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓			High, medium, low - defined in reports.
LGAN	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			Included in final report and action plan.
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?	✓			Any recommendations not agreed are detailed in the final 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?	✓			All material known facts disclosed.
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?	✓			Included in the final report.
	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓			Prior communication via the closure meeting and draft report. Views considered, but the opinion remains that of the auditors
	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	✓			Reports supported by evidence in the file.
	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓			Included in 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?	✓			To date audit engagement results have not been released to external parties other than the Council's external auditor; KPMG. However, should this occur, this process would be followed
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?	✓			This has not occurred. However, should this occur, this process would be followed

Ref	Conformance with the Standard	Y	P	N	Evidence
	2420 Quality of Communications				
	Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	✓			Audit practice aims for all of these, through specified report format, IA Procedure Manual requirements, training and experience, review of files and reports. Closure meetings are also used to agree factual accuracy of the report and findings.
	2421 Errors and Omissions				
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	✓			This has not occurred. However, should this occur, this process would be followed.
	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?	✓			In 2014/15 audit reports stated that "the work of the internal audit team was conducted substantially in conformance with the PSIAS". In 2015/16 this will be amended to state "the work of the internal audit team complies in all material respects with the PSIAS".
	2431 Engagement Disclosure of Non conformance				
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?	✓			No engagements have been identified as not conforming to PSIAS in 2014/15. However, should this occur, this process would be followed.

Ref	Conformance with the Standard	Y	P	N	Evidence
	2440 Disseminating Results				
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			Reports issued to Directors / Heads of Service / Section 151 Officer / relevant managers / external auditors. Confidentiality and exclusions are considered as per the process.
	Has the CAE communicated engagement results to all appropriate parties?	✓			Through closure meetings, draft and final reports.
	Before releasing engagement results to parties outside the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?	✓			Confidentiality and exclusions are considered as part of the documented process. To date audit files have not been released to external parties other than the Council's external auditor; KPMG.
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓			Included in reports and issued to Directors / Corporate Heads.
	2450 Overall Opinion				
	Has the CAE delivered an annual internal audit opinion?	✓			In the IA Annual Report.
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	✓			IA Annual Report includes the opinion concerning the framework of governance, risk management and control.
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	✓			Expectations taken into account, but it remains the audit opinion.
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	✓			Built up from all reports in the year, together with external opinions and other sources of assurance as defined.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓			All these are included in the Annual Report.
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	✓			Reporting Arrangements encompass this requirement, although this has never occurred
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓			Used and quoted in the Annual Governance Statement.
LGAN LGAN LGAN LGAN LGAN LGAN LGAN LGAN LGAN LGAN LGAN LGAN	Does the annual report incorporate the following: a) The annual internal audit opinion? b) A summary of the work that supports the opinion? c) A disclosure of any qualifications to the opinion? d) The reasons for any qualifications to the opinion? e) A disclosure of any impairments or restriction in scope? f) A comparison or work actually carried out with the work planned? g) A statement on conformance with the PSIAS? h) The results of the QAIP? i) Progress against any improvement plans resulting from the QAIP? j) A summary of the performance of the internal audit activity against its performance measures and targets? k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓			The Annual Internal Audit Report incorporates all of these points.

Ref	Conformance with the Standard	Y	P	N	Evidence
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?	✓			Follow-up review of audit recommendations carried out and reported to Audit & Standards Committee.
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓			A follow up report is issued after the follow up review with a revised opinion if necessary.
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	✓			Included in planning for the subsequent year.
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓			These are tracked in the same way as audit recommendations for any substantial consultancy engagements.
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?	✓			This has not occurred but reporting lines facilitate such a procedure if necessary.
	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?	✓			This has not occurred but reporting lines facilitate such a procedure if necessary.