

EAST RENFREWSHIRE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

21 AUGUST 2014

Report by Chief Auditor

PUBLIC SECTOR INTERNAL AUDIT STANDARDS

INTERNAL SELF ASSESSMENT 2013/14

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise members of the new Public Sector Internal Audit Standards (PSIAS), to summarise the implications for internal audit and to present internal audit's self assessment of compliance with these standards in 2013/14.

2 BACKGROUND

- 2.1 The Public Sector Internal Audit Standards came into force on 1 April 2013 and includes a requirement that the Head of Internal Audit develops and maintains a quality assurance and improvement programme (QAIP) to enable the internal audit activity to be assessed against the PSIAS. CIPFA recommends that in order to undertake a self assessment, the checklist for assessing conformance included within the application note to the PSIAS is used. Additionally, there is a requirement for an external assessment to be carried out at least once every 5 years by an independent assessor.
- 2.2 For internal auditors in the public sector, compliance with PSIAS is mandatory and any areas of non-conformance should be reported to the audit and scrutiny committee.

3 SELF ASSESSMENT

- 3.1 In this first year of operation of the standards, internal audit has carried out a self assessment of compliance with the standards using the recommended checklist. The checklist contains four columns to indicate full, partial or non compliance and non-applicable. A copy of the self assessment for 2013/14 is included in appendix 1 for information purposes.
- 3.2 The Standards require that the assessment must include an evaluation with regard to the degree of internal audit's compliance. Internal audit's self assessment indicates that the service is currently fully compliant with 255 (or 84%) of all standards which are applicable and partially compliant with a further 27 (or 9%).

3.3 The table below summarises internal audit's self assessment of conformance against the standards.

Standards	No. of criteria	IA assessment of conformance			
		Yes	Partial	No	N/A
1 Definition of internal audit	3	3			
2 Code of Ethics	13	13			
1000 Purpose, authority and responsibility	23	14		7	2
1100 Independence and objectivity	35	26		2	7
1200 Proficiency and due professional care	21	21			
1300 Quality assurance and improvement programme	31	12	11	6	2
2000 Managing the internal audit activity	47	41	1	1	4
2100 Nature of work	31	28			3
2200 Engagement planning	54	27	14	2	11
2300 Performing the engagement	22	22			
2400 Communicating results	53	43	1	5	4
2500 Monitoring progress	4	3			1
2600 Communicating the acceptance of risks	2	2			
Total	339	255	27	23	34
Total excluding non-applicable standards	305				
% of total	100%	84%	9%	7%	

3.4 The main area of non-conformance relates to:

- The internal audit section not having a Charter which specifically details certain specified items. The internal audit section have terms of reference which cover many of the PSIAS requirements in relation to the Charter and its content. A Charter has been prepared and submitted to the Audit and Scrutiny Committee to address this shortfall.

3.5 The main areas identified as non-applicable relate to:

- Consultancy engagements – internal audit has not undertaken any significant consultancy work in 2013/14.
- Internal audit does not carry out work for other organisations.

3.6 The main area assessed as being partially conformant is in relation to:

- A requirement to have a quality assurance and improvement programme with internal and external assessments carried out. Internal self assessments are now in place but the process for securing an independent external assessment has not yet been agreed and discussions are ongoing between councils regarding the feasibility of establishing a reciprocal arrangement to address this requirement.

4 RECOMMENDATION

4.1 The Committee is asked to note the outcome of the self assessment for 2013/14.

Further information is available from Michelle Blair, Chief Auditor, telephone 0141 577 3067.

APPENDIX 1

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
1	Definition of Internal Auditing					
1.1	Using evidence gained from assessing conformance with other Standards, is the internal audit activity: a) Independent? b) Objective?	√ √				See responses to questions below. Chief auditor reports to Chief Executive and audit and scrutiny committee. Audit TOR in place which set out independence. Internal audit does not have any operational responsibilities. 3.7 out of 4.7 members of IA team are CCAB or IIA qualified.
1.2	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?	√				See questions below. Audit universe is used to prepare audit plan and this is risk assessed. Standardised audit working papers and audit manual in use.
2	Code of Ethics					
2.1	Integrity Using evidence gained from assessing conformance with other Standards, do internal auditors: a) Perform their work with honesty, diligence and responsibility? b) Observe the law and make disclosures expected by the law and the profession? 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? d) Respect and contribute to the legitimate and ethical objectives of the organisation?	√ √ √ √				See questions below. Auditors are bound by their institute's ethical standards. All audits are reviewed by Chief Auditor. All staff have 6 monthly PRD. Declarations of independence signed annually. All auditors work in compliance with councils employee code of conduct.
2.2	Objectivity Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not: a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? b) Accepting anything that may impair or be presumed to impair their professional judgement? c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	√ √ √				See questions below. Declarations of independence completed annually by all audit staff.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
2.3	<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>	√ √				<p>See questions below</p> <p>All auditors are aware of PSIAS requirements, employee code of conduct, rules of own professional institutes.</p>
2.4	<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>	√ √ √				<p>See questions below.</p> <p>Audits allocated based on skills of individual auditors.</p> <p>All auditors are aware of PSIAS.</p> <p>All auditors take part in PRD process twice a year.</p>
2.5	Do internal auditors have regard to the Standards of Public Life's Seven Principles of Public Life?	√				<p>See questions below.</p> <p>All auditors have seen copy and signed declaration to this effect.</p>
	Standards					
3	Attribute Standards					
3.1	1000 Purpose, Authority and Responsibility					
3.1.1	<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 Terms of Reference (TOR) document includes the function, authority and responsibilities of internal audit and this will be replaced by an audit charter.
3.1.2	<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>			√		New requirement – TOR/Charter will require to be updated to reflect this.
3.1.3	<p>Does the internal audit charter also:</p> <p>a) Set out the internal audit activity's position within the organisation?</p>	√				The current TOR sets out internal audits position within the Chief Executives department and specifies reporting

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
	b) Establish the CAE's functional reporting relationship with the board?	√				requirements to the Audit and Scrutiny Committee.
	c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively?	√				Chief Auditor reports directly to CE and has direct access to CMT, elected members and external audit.
	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?	√				
	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?	√				
	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?				√	N/A Scotland
	i) Establish the organisational independence of internal audit?	√				
	j) Cover the arrangements for appropriate resourcing?			√		New requirement – TOR/Charter will require to be updated
	k) Define the role of internal audit in any fraud-related work?	√				
	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?			√		New requirement – TOR/Charter will require to be updated
	m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?				√	Internal audit does not carry out 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?			√		New requirement – TOR/charter will require to be updated
	o) Define the nature of consulting services?			√		Internal audit carries out minimal consulting services
	p) Recognise the mandatory nature of the PSIAs?			√		New requirement - will be included in charter
3.1.4	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?			√		TOR last updated in 2010 and approved by A&S Committee. Planned update for 2014/15, will include new requirements from the PSIAs and Charter will replace TOR.
3.1.5	Does the CAE attend audit committee meetings?	√				Attendance at all meetings.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
3.1.6	Does the CAE contribute to audit committee agendas?	√				Chief auditor can at any time table report to be included in audit committee agenda in addition to standing items which are routinely scheduled in like annual plan, annual report and quarterly progress reports.
3.2	1100 Independence and Objectivity					
3.2.1	Does the CAE have direct and unrestricted access to senior management and the board?	√				Chief Auditor reports to the Chief Executive and has direct access to all members of the CMT and Audit and Scrutiny Committee
3.2.2	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?	√				Chief Auditor reports directly to Chief Executive and meets regularly with the Chair of the A&S Committee.
3.2.3	Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	√ √ √ √				Auditors identify any conflicts when they sign annual independence statements and this would be managed by CAE to ensure objectivity at all levels.
	1110 Organisational Independence					
3.2.4	Does the CAE report to an organisational level equal or higher to the corporate management team?	√				Chief Auditor reports to the Chief Executive
3.2.5	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	√				Chief Auditor reports to the Chief Executive
3.2.6	Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity?	√				Chief Auditor reports to the Chief Executive and the Audit and Scrutiny Committee
3.2.7	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?	√ √ √				Chief Auditor reports to Chief Executive and is a member of the CE Audit Group (other members are S95 officer, Chief Executive and Chief Solicitor) which meets quarterly. Audit plans are submitted directly to the Audit and Scrutiny Committee for approval without influence by any other officer, though CMT views are sought prior to preparation of plans.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
3.2.8	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.	√ √ √ √ √			√	This is stated in both the annual audit report and also the annual and strategic plans which are approved by the Audit and Scrutiny Committee. Quarterly progress reports are also submitted to the Committee for approval. The Internal Audit TOR is also approved by the Committee.
3.2.9	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?	√				The Chief Executive is the Chief Auditors line manager and meets at least monthly to discuss progress. Assessment of performance is formalised twice a year under the councils PRD (Performance review and development) process.
3.2.10	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?			√		Not aware of this being formally sought.
	1111 Direct Interaction with the Board					
3.2.11	Does the CAE communicate and interact directly with the board?	√				Chief Auditor communicates and interacts directly with the Audit and Scrutiny Committee and Chief Executive and members of CMT.
	1120 Individual Objectivity					
3.2.12	Do internal auditors have an impartial, unbiased attitude?	√				
3.2.13	Do internal auditors avoid any conflict of interest, whether apparent or actual?	√				Auditors report any potential conflict to management. An annual declaration is also signed by internal auditors to this effect.
	1130 Impairment to Independence or Objectivity					
3.2.14	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)?				√	N/A. None have arisen.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
3.2.15	Have internal auditors assessed specific operations for which they have been responsible within the previous year?				√	N/A. Internal audit do not have any operational responsibility.
3.2.16	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?				√	N/A. Chief Auditor does not have any operational responsibility outwith the internal audit function.
3.2.17	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	√				Assignments are rotated as much as possible within the confines of a small audit team.
3.2.18	Have internal auditors declared interests in accordance with organisational requirements?	√				Auditors sign declarations of interest forms annually.
3.2.19	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?				√	N/A. None accepted. Auditors are aware that this would have to be registered per employee code of conduct.
3.2.20	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?				√	N/A – no such instance identified.
3.2.21	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.
3.2.22	Have internal auditors complied with the Bribery Act 2010?	√				See above – included in annual declaration.
3.2.23	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?				√	N/A. None has arisen.
3.2.24	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?				√	N/A. Plan allows time for minimal amount of consulting work.
3.3	1200 Proficiency and Due Professional Care					
	1210 Proficiency					
3.3.1	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	√				ICAEW
3.3.2	Is the CAE suitably experienced?	√				Qualified as CA in 1991 and worked in external audit (both public and private sector) until 2003. In current position in internal audit since 2003.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
3.3.3	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	√				Chief Auditor fully responsible for recruitment.
3.3.4	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 are up to date.
3.3.5	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	√				Four out of the five auditors are CCAB/IIA qualified. Annual appraisals are carried out to assess training needs.
3.3.6	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?	√				If necessary can buy in expertise but this has not yet been considered necessary.
3.3.7	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	√				All members of audit team keep up to date on fraud requirements and attend courses/conferences as available.
3.3.8	Do internal auditors have sufficient knowledge of key information technology risks and controls?	√				All audit staff have opportunity to attend relevant training courses. One member of team attends computer audit group. Two members of team attend internal ISF forum group.
3.3.9	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?	√				Although no dedicated computer auditor, all members of the team keep up to date on Computer Assisted Audit Techniques and regularly use the IDEA software. Team members attend the IDEA user group meetings as appropriate to them during the year. One member of audit team has QICA qualification in addition to being IIA qualified. CIPFA computer audit programs are used and this work is shared by all audit team members.
	1220 Due Professional Care					
3.3.10	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 for the organisation takes place as part of the annual planning cycle. Analysis of these factors takes place in the planning stage of every assignment. All audit work is reviewed by chief auditor.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
3.3.11	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?	√ √ √				Would be considered during the planning of any consultancy work by CAE but minimal consultancy work is carried out.
	1230 Continuing Professional Development					
3.3.12	Has the CAE defined the skills and competencies for each level of auditor?	√				Defined in the person specification for each position. Work related core competencies are addressed as part of PRD process which is reviewed every 6 months.
3.3.13	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	√				Council's Annual appraisal process (PRD) is carried out twice a year for each employee.
3.3.14	Do internal auditors undertake a programme of continuing professional development?	√				Each auditor is responsible for their own CPD to meet the requirements of their own professional body. This is noted in their PRD. Training/cpd events are recorded.
3.3.15	Do internal auditors maintain a record of their professional development and training activities?	√				Each qualified auditor is responsible for their own CPD requirements however training records are also maintained by the department.
3.4	1300 Quality Assurance and Improvement Programme					
3.4.1	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?		√			Internal self assessment of compliance with PSIAS is carried out as well as file review of all files by Chief Auditor. External assessments not in place yet.
3.4.2	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?		√			See comments above. This is a new requirement.
3.4.3	Does the CAE maintain the QAIP?		√			See comments above, external assessment is a new requirement.
3.4.4	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)?				√	N/A in Scotland
	1310 Requirements of the Quality Assurance and Improvement Programme					
3.4.5	Does the QAIP include both internal and external assessments?		√			Internal self assessment but not external yet.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
	1311 Internal Assessments					
3.4.6	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	√				Part of the planning process annually and for individual assignments. All internal audit staff have many years experience in internal audit. 3.7 FTE out of 4.7 are professionally qualified.
3.4.7	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 PSIAS?	√ √				All work is subject to quality review. It is expected that an annual self assessment will be carried out on PSIAS conformance.
3.4.8	Does ongoing performance monitoring include comprehensive performance targets?	√				There are performance targets for the department and each staff member. This is reported quarterly to audit and scrutiny committee for the section and within prds for individual audit team members.
3.4.9	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	√				Section targets were approved by audit and scrutiny committee. Individuals are tasked with each achieving and contributing to the section's targets.
3.4.10	Does the CAE measure, monitor and report on progress against these targets?	√				Progress against departmental targets reported to Audit and Scrutiny Committee quarterly.
3.4.11	Does ongoing performance monitoring include obtaining stakeholder feedback?	√				Survey monkey questionnaires used annually to get feedback from key officers across the council on the performance of internal audit.
3.4.12	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 chief auditor. East Renfrewshire plans to be part of SLACIAG's independent validation framework. How this will operate in practice is currently under review by SLACIAG. Annual independent assessment is also carried out by external audit (currently Audit Scotland).
3.4.13	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	√				Progress against plan is reported quarterly to the audit committee.
	1312 External Assessments					
3.4.14	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	√				This is under discussion within SLACIAG and proposal is for reciprocal independent assessments to be carried out between member authorities at least once every 5 years.
3.4.15	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. The proposal to take part in the SLACIAG validation framework was circulated to the Chief Executive and Chair of Audit Committee and verbally agreed with chief executive.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
3.4.16	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?			√		See above. This proposal was communicated to the Chief Executive and the Chair of Audit Committee. Chief Executive agreed with the proposal verbally in principal. Not formally agreed with whole committee.
3.4.17	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 comments above. External assessor not yet appointed. Proposal is to facilitate this through SLACIAG at which point scope will be agreed.
3.4.18	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?			√		See comments above.
3.4.19	<p>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:</p> <ul style="list-style-type: none"> 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. <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>		<ul style="list-style-type: none"> √ √ √ √ √ 			See comments above. SLACIAG are still in process of agreeing a framework to carry out these reviews. Part of this process will be to ensure that the assessor has the necessary skills and experience. No such assessments have therefore taken place yet.
3.4.20	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 comments above.
3.4.21	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 comments above. SLACIAG will ensure that the assessor is suitably independent of the council being assessed.
	1320 Reporting on the Quality Assurance and Improvement Programme					
3.4.22	<p>Has the CAE reported the results of the QAIP to senior management and the board? Note that:</p> <ul style="list-style-type: none"> 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 			√		<p>External assessment not yet completed.</p> <p>Self assessment will be submitted to audit committee in August 2014 and thereafter annually.</p>

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
	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.					
3.4.23	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?			√		Not yet completed.
	1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'					
3.4.24	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	√				PSIAS predominantly complied with.
	1322 Disclosure of Non-conformance					
3.4.25	Has the CAE reported any instances of non-conformance with the PSIAS to the board?			√		Areas of non conformance will be submitted to the audit committee for consideration in August 2014.
3.4.26	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?				√	N/A. No significant deviations identified.
4	Performance Standards					
4.1	2000 Managing the Internal Audit Activity					
4.1.1	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?	√				Through the audit plan, as reported in the annual report.
4.1.2	Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the Standards?	√				IA is independent, provides objective assurance and helps the council achieve its objectives. Evidenced by audit plan, reporting lines, TOR, audit universe, audit reports and working papers, staff declarations of independence and IA not having any operational responsibilities.
4.1.3	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the Code of Ethics and the Standards?	√				All auditors are aware of these documents and have signed annual declarations to this effect.
4.1.4	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 and audit universe considers risk registers and consults with stakeholders on priorities when preparing plan. . Audit reports contain recommendations to improve effectiveness and efficiency.
	2010 Planning					

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.1.5	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?	√				Strategic and Operational plan based on the organisations objectives, consultation with key stakeholders and review of risk registers.
4.1.6	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	√				Strategic and Operational plan designed to provide evidence needed for annual opinion which is submitted to Audit and Scrutiny Committee annually for approval. All main systems are covered cyclically.
4.1.7	Does the risk-based plan take into account the organisation's assurance framework?	√				Sources of assurance considered during planning.
4.1.8	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?	√ √ √		√		Part of the Strategic Plan. Plan not linked to the Charter. Part of the Strategic Plan
4.1.9	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	√				Local and national issues are considered by CAE when preparing plan.
4.1.10	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 registers are reviewed during planning and relevant topics included in plan.
4.1.11	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?				√	N/A well embedded risk framework is in place.
4.1.12	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?	√ √	√			All areas of work to be carried out are detailed with resources needed. Priorities are not given as the target is to complete all audits on the plan.
4.1.13	Does the risk-based plan differentiate between audit and other types of work?	√				Different types of work detailed in plan. Non productive time also specified separately. Time is set aside for general and fraud contingency.
4.1.14	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.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.1.15	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in organisation's business, risks, operations, programmes, systems and response to changes in the controls?	√				The plan is subject to review throughout the year, with amendments reported to the Audit and Scrutiny Committee.
4.1.16	Is the internal audit activity's plan of engagements based on a documented risk assessment?	√				The Council's strategic and operational risks are assessed and used in audit planning.
4.1.17	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	√				The Council's strategic and operational risks are assessed at least annually.
4.1.18	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, eg 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?	√ √ √ √				Considered in assignment planning. Considered in assignment planning. Included in the plan. Included in the plan.
4.1.19	Is the input of senior management and the board considered in the risk assessment process?	√				Consultation takes place with senior management and external audit whilst producing the audit plan.
4.1.20	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	√				Consultation takes place with senior management and external audit whilst producing the audit plan.
4.1.21	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?				√	Minimal consulting work is carried out.
4.1.22	Are consulting engagements that have been accepted included in the risk-based plan?				√	Minimal consulting carried out – contingency budget included in plan each year to cover any consultancy work carried out.
	2020 Communication and Approval					
4.1.23	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 Audit and Scrutiny Committee for approval and circulated to CMT for information.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.1.24	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 the Audit and Scrutiny Committee.
4.1.25	Has the CAE communicated the impact of any resource limitations to senior management and the board?	√				Reported to the Audit and Scrutiny Committee as appropriate.
	2030 Resource Management					
4.1.26	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	√				Yes this is documented in the Strategic Plan which is approved by A&S Committee.
4.1.27	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	√				Discussed in planning meetings and planned throughout the year – CAE meets with directors throughout the year and timing of audits is often part of this discussion.
4.1.28	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.	√				This has not happened but CAE would bring this to attention of audit and scrutiny committee and Chief Executive.
	2040 Policies and Procedures					
4.1.29	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	√				Audit manual in place.
4.1.30	Has the CAE established policies and procedures to guide staff in performing their duties in a manner that conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.	√				Audit manual in place. Electronic monitoring of all section targets. All audits are reviewed by chief auditor.
4.1.31	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	√				Updated on ongoing basis as required to incorporate any changes.
	2050 Coordination					
4.1.32	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.
4.1.33	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	√				Assurances from other bodies and regulators are considered annually when preparing the annual assurance statement. The work of external audit is included within this review.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.1.34	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	√				Regular meetings with external auditors. Sharing of work to minimise overlap. Joint exercises carried out with HR for example when sampling and issuing report.
4.1.35	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	√				Regular meetings with external auditors to co-ordinate approach and ensure no overlap.
	2060 Reporting to Senior Management and the Board					
4.1.36	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?	√				Quarterly reports to A&S Committee. Meets monthly with CE, quarterly with CE Audit Group, six weekly with A&S Committee Chair and Vice Chair. A&S reports are circulated to CMT routinely.
4.1.37	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?	√				Major findings reported. In addition, reports provided as requested by the Audit & Scrutiny Committee.
4.1.38	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the related actions to be taken by senior importance of the information to be communicated and the urgency of management or the board?	√				Standard quarterly reporting. However, additional reporting would take place if there was sufficient importance and urgency.
	2070 External Service Provider and Organisational Responsibility for Internal Auditing					
4.1.39	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 internal audit service provided internally.
4.2	2100 Nature of Work					
4.2.1	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 department.
4.2.2	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	√				Through the completion of the audit plan.
	2110 Governance					
4.2.3	Does the internal audit activity: a) Promote appropriate ethics and values within the organisation?	√				Through the completion of the audit plan and communication of findings to management.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
	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?	√				
4.2.4	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 also by periodic audits of corporate governance. Audit and Scrutiny committee also review CG statement at least annually.
4.2.5	Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	√ √ √				Audits views are regularly sought to feed into the development of policies such as anti fraud and bribery, probity register. Specific audits are also carried out eg risk management and corporate governance.
4.2.6	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	√				Application audits for main systems carried out cyclically. There are also IT related tests in most audits eg access rights, information protection etc
4.2.7	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?	√				Considered as part of the planning process.
	2120 Risk Management					
4.2.8	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 year. A risk group meets quarterly with representatives from across the council to discuss emerging or ongoing risks and issues. All risk register require to be updated at least every 6 months and this is monitored.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.2.9	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. These items form the basis of most audit programmes.
4.2.10	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	√				As part of audit planning. Ongoing review of frauds identified in Audit Scotland technical bulletins to assess councils potential risk of same type of fraud happening.
4.2.11	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?				√	Minimal consulting carried out.
4.2.12	Are internal auditors alert to other significant risks when undertaking consulting engagements?				√	Minimal consulting carried out.
4.2.13	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					
4.2.14	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. These controls make up the substance of audit programmes.
4.2.15	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?				√	All relevant knowledge is used. Minimal consultancy work carried out.
4.3	2200 Engagement Planning					
4.3.1	Do internal auditors develop and document a plan for each engagement?	√				Audit Control Sheet completed for each audit.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.3.2	Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource allocations?	√ √ √	 √			Standard format that includes all these except timing specifically however this is sometimes determined by nature of audit, availability of information and staffing availability both within audit and within the department being audited.
4.3.3	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 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?		√ √ √ √ √ √ √			.All of these issues are implicitly considered by auditors when planning the assignment and documented where appropriate. These issues are also considered as part of the planning process.
4.3.4	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. No work undertaken outside of the organisation.
4.3.5	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following: a) Objectives? b) Scope?				√	Minimal consulting work carried out.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
	c) The respective responsibilities of the internal auditors and the client and other client expectations?					
4.3.6	For significant consulting engagements, has this understanding been documented?				√	N/A
	2210 Engagement Objectives					
4.3.7	Have objectives been agreed for each engagement?			√		Per audit programme.
4.3.8	Have internal auditors carried out a preliminary risk assessment of the activity under review?		√			Auditors will follow relevant audit programme which often will address potential risks. Initial meetings are held with key officers where potential risk areas are identified eg H&S
4.3.9	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?			√		.
4.3.10	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?		√ √ √ √			Would be considered routinely during the audit but would not be documented specifically within engagement document as these items are included in many audit programmes in use.
4.3.11	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?	√				Review of KPI's or monitoring by management would be considered as part of the audit.
4.3.12	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 reviews where applicable to the area under reviews.
4.3.13	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 comprehensive risk register, documented controls or KPIs would be reported where applicable,
4.3.14	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?	√				Specific value for money assignments not undertaken but VFM is always a consideration when undertaking any audit work.
4.3.15	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?				√	N/A Generally, minimal (if any) consulting engagements carried out.
4.3.16	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?				√	N/A Generally, minimal (if any) consulting engagements carried out.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
	2220 Engagement Scope					
4.3.17	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	√				
4.3.18	Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems? b) Records? c) Personnel? d) Premises?	√ √ √ √				This is covered in report and audit programme
4.3.19	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 is covered in report and audit programme where appropriate
4.3.20	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?				√	N/A Generally, minimal (if any) consulting engagements carried out.
4.3.21	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting standards?				√	N/A Generally, minimal (if any) consulting engagements carried out.
4.3.22	For a consulting engagement, was the scope of the engagement sufficient to address any agreed upon objectives?				√	N/A Generally, minimal (if any) consulting engagements carried out.
4.3.23	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?				√	N/A Generally, minimal (if any) consulting engagements carried out.
4.3.24	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?				√	N/A Generally, minimal (if any) consulting engagements carried out.
4.3.25	During consulting engagements, were internal auditors alert to any significant control issues?				√	N/A Generally, minimal (if any) consulting engagements carried out.
	2230 Engagement Resource Allocation					

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.3.26	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.
	2240 Engagement Work Programme					
4.3.27	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	√				Audit programmes developed for each engagement. CIPFA matrices used where available.
4.3.28	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	√ √ √ √				Standard documentation is generally used. CIPFA programs used where available. External audit reviews annually to ensure work is of sufficient standard and findings adequately documented.
4.3.29	Were work programmes approved prior to implementation for each engagement?	√				Chief auditor advises what program to use and reviews new programs prior to use.
4.3.30	Were any adjustments required to work programmes approved promptly?	√				Audit programs adapted during audit as required and all audit files are subject to review by chief auditor which can identify further areas for testing.
4.4	2300 Performing the Engagement					
4.4.1	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?	√ √ √ √				All files reviewed by Chief Auditor. External audit have assessed internal audit files to be of sufficient quality to place reliance.
	2310 Identifying Information					
4.4.2	Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information?	√ √				All files reviewed by Chief Auditor. External audit have assessed internal audit files to be of sufficient quality to place reliance.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
	c) Relevant information?	√				
	d) Useful information?	√				
	2320 Analysis and Evaluation					
4.4.3	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	√				Requirements set out in audit manual. All files reviewed by Chief Auditor.
4.4.4	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 files reviewed by Chief Auditor. Auditors are trained and experienced. Systems audit programs detail risk.
	2330 Documenting Information					
4.4.5	Have internal auditors documented the relevant information required to support engagement conclusions and results?	√				Requirements set out in audit manual. All files reviewed by Chief Auditor.
4.4.6	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?	√				Requirements set out in audit manual. All files reviewed by Chief Auditor. External audit have also been able to place reliance on work of internal audit each year.
4.4.7	Does the CAE control access to engagement records?	√				Filed securely in locked cabinets within internal audit room.
4.4.8	Has the CAE obtained the approval of senior management and/or counsel as appropriate before releasing such records to external legal parties?	√				Only a few instances of releasing records to external parties (ie police) and this was with knowledge and approval of Chief Executive and Chief Solicitor as appropriate. External audit have right of access to all files under legislation.
4.4.9	Has the CAE developed and implemented retention requirements for all types of engagement records?	√				Retention policy developed. Records are kept for 5 years plus current. Disposal dates of files in accordance with this policy are recorded.
4.4.10	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	√				Policy is in line with corporate guidelines. Audit files are kept for 5 years plus current year. Records are kept showing date that file is destroyed in line with retention policy.
	2340 Engagement Supervision					

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.4.11	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	√				Very small team, 3.7 out of 4.7 are professionally qualified, chief auditor reviews all audit files. Development is reviewed formally every 6 months as part of PRD process.
4.4.12	Is appropriate evidence of supervision documented and retained for each engagement?	√				All files are reviewed by chief auditor and this is documented in every file.
4.5	2400 Communicating Results					
4.5.1	Do internal auditors communicate the results of engagements?	√				Reports are issued for each engagement.
	2410 Criteria for Communicating					
4.5.2	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. Action plans are prepared by recipient department but audit ensures all recommendations are addressed.
4.5.3	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.
4.5.4	If recommendations and an action plan have been included, are recommendations prioritised according to risk?			√		Recommendations are not prioritised according to risk
4.5.5	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	√				Management comments sometimes specifically noted in report where this is appropriate.
4.5.6	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?			√		Disagreements are generally resolved. Outstanding issues which are not resolved would be highlighted to audit committee.
4.5.7	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.
4.5.8	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?	√				Audit reports include a conclusion. All audit reports are considered when preparing annual report.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.5.9	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 debrief meeting and draft report. Views considered and often reflected in the report, but the opinion remains the auditors
4.5.10	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	√				Reports supported by evidence in the file. A sheet cross-referencing report to audit working papers is added to files where this is not obvious directly from the audit programme.
4.5.11	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?		√			Generally, satisfactory performance is not detailed but a general comment will be included in conclusion of report to reflect general satisfactory operation of a service.
4.5.12	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?			√		Generally no such statement is included as under FOI most reports would be available for use/viewing by general public.
4.5.13	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?				√	N/A. Not yet happened.
	2420 Quality of Communications					
4.5.14	Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	√ √ √ √ √ √ √				Aim for all of these, through specified report format, audit manual requirements, training and experience, review of files and reports. Speed of issue of reports is monitored via internal audit indicator.
	2421 Errors and Omissions					
4.5.15	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?				√	N/A. Not happened.
	2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'					

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.5.16	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?				√	N/A. New requirement from this year and external QAIP not been conducted yet.
	2431 Engagement Disclosure of Non conformance					
4.5.17	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?				√	N/A. No examples of this so far. New requirement.
	2440 Disseminating Results					
4.5.18	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	√				Reports are issued to Directors or designated Heads of Service and relevant managers. They are also copied to administrative leads in some departments who co-ordinate responses and implementation of actions.
4.5.19	Has the CAE communicated engagement results to all appropriate parties?	√				All reports are sent to relevant directors. Chief Executive is copied into all audit reports. All follow up reports are notified to audit and scrutiny committee.
4.5.20	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?	√ √ √				Generally only issue reports internally. If reports/results are required under FOI, this would be clarified with FOI officer and Chief Solicitor if it was deemed necessary.
4.5.21	Where any significant governance, risk management and were identified during consulting engagements, were these control issues communicated to senior management and the board?	√				Included in reports and issued to Directors and if material, would also be mentioned in annual audit report to audit and scrutiny committee.
	2450 Overall Opinion					
4.5.22	Has the CAE delivered an annual internal audit opinion?	√				Annual Report
4.5.23	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	√				Annual Report includes the opinions.
4.5.24	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.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.5.25	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	√				Built up from all reports in the year.
4.5.26	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 included in the Annual Report if relevant.
4.5.27	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	√				Yes, where necessary reasons would be included.
4.5.28	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	√				Yes, annual report is used and quoted in the Council's Governance statement.
4.5.29	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?	√ √ √ √ √ √ √ √ √ √		√ √		
4.6	2500 Monitoring Progress					
4.6.1	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 audits are carried out for all audits. It is known at any point in time which audits have not been followed up. Time is set aside each year within the plan to carry out follow up audits. All follow up reports are submitted to A&S committee.

Ref	Conformance with standard	Yes	Partial	No	N/A	Evidence
4.6.2	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	√				Issue new report after the follow up to relevant director each time follow up is carried out.
4.6.3	Do the results of monitoring management actions inform the risk-based planning of future audit work?	√				Follow ups are carried out routinely for all previous year audits and can influence how frequently it is audited and this is included in planning for the year.
4.6.4	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?				√	Minimal consultancy is carried out. All audit work is subject to monitoring and follow up where appropriate.
4.7	2600 Communicating the Acceptance of Risks					
4.7.1	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	√				If recommendations are not accepted or not implemented during follow up, it is stated in the report that management are therefore deemed to accept this level of risk.
4.7.2	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?	√				Issues have been brought to attention of A&S committee as appropriate.

	255	27	23	34	339
% based on all standards	75%	8%	7%	10%	100%
% based only on standards which are considered applicable	84%	9%	7%		100%