

Checklist for Assessing Conformance with the PSIAS and the Local Government

Application Note

This checklist has been developed to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the Quality Assurance and Improvement Programme. It incorporates the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents.

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

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|---|
| 1 | Definition of Internal Auditing | | | | |
| | Using evidence gained from assessing conformance with other Standards, is the internal audit activity: | | | | |
| | a) Independent? | Y | | | Position and status within organisation |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|----------|---|---|---|---|--|
| | b) Objective? | Y | | | Audit working papers – auditors don't give assurance opinions in areas where they previously gave advice and support in the development of controls or in areas where they previously worked |
| | Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation? | Y | | | Control Risk Assessment Methodology Standard methodology for determining opinions and rankings of findings/recommendations. |
| 2 | Code of Ethics | | | | |
| | Integrity Using evidence gained from assessing conformance with other Standards, do internal auditors: | | | | |
| | a) Perform their work with honesty, diligence and responsibility? | Y | | | CRB checks for all audit staff. Annual declaration of interests |
| | b) Observe the law and make disclosures expected by the law and the profession? | Y | | | |
| | c) Not knowingly partake in any illegal activity nor engage in in acts | Y | | | |

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|-----|--|---------------------|---|---|---------------------|
| | <p>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> | Y | | | |
| | <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> | Y Y Y | | | |
| | <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</p> | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|--|
| | <p>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> | Y | | | |
| | <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> | Y | | | <p>Risk Based approach should ensure adequate risk management skills can be applied to any audit activity – this will primarily relate to advice and consultancy type work and very specialist areas eg IT work and pension fund audit – delivered by external partner</p> |
| | <p>c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?</p> | | Y | | <p>All staff have annual appraisal - but only some professional qualified staff carry out CPD.</p> |
| | <p>Do internal auditors have regard to the on Standards of Public Life's <i>Seven Principles of Public Life</i>?</p> | Y | | | <p>Should be part of induction training- will be referenced in Audit Manual</p> |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|-------------|---|---|---|
| | Standards | | | | |
| 3 | Attribute Standards | | | | |
| 3.1 | 1000 Purpose, Authority and Responsibility | | | | |
| | Does the internal audit charter include a formal definition of: a) the purpose b) the authority, and c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)? | Y Y Y | | | |
| LGAN | Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances. | | | N | Internal Audit Charter needs updating to reflect PSIAS. , |
| | Does the internal audit charter also: a) Set out the internal audit activity's position within the organisation? b) Establish the CAE's functional reporting relationship with the | Y Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
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| | board? | | | | |
| LGAN | c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively? | Y | | | |
| LGAN | d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit? | Y | | | |
| | e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities? | Y | | | |
| LGAN | f) Define the scope of internal audit activities? | Y | | | |
| LGAN | g) Recognise that internal audit's remit extends to the entire control environment of the organisation? | Y | | | |
| 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? | Y | | | |
| LGAN | i) Establish the organisational independence of internal audit? | Y | | | |

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|-----|---|---|---|---|---|
| | j) Cover the arrangements for appropriate resourcing? | Y | | | |
| | k) Define the role of internal audit in any fraud-related work? | Y | | | |
| | l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety? | Y | | | |
| | m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities? | | P | | To be addressed in review of IA Charter |
| | n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation? | | P | | As above |
| | o) Define the nature of consulting services? | Y | | | |
| | p) Recognise the mandatory nature of the PSIAS? | | | N | As above |
| | Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval? | Y | | | Last review in Nov 2011 |
| | Does the CAE attend audit committee meetings? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|---|---|---|---|
| | Does the CAE contribute to audit committee agendas? | Y | | | |
| | | | | | |
| | Does the CAE have direct and unrestricted access to senior management and the board? | Y | | | |
| | Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee? | | Y | | Does have access but does not communicate with Chief Executive as a matter of routine expect through reports to CMT.. |
| | Are threats to objectivity identified and managed at the following levels: | | | | |
| | a) Individual auditor? | Y | | | |
| | b) Engagement? | Y | | | |
| | c) Functional? | Y | | | |
| | d) Organisation? | Y | | | |
| | <i>1110 Organisational Independence</i> | | | | |
| | Does the CAE report to an organisational level equal or higher to the | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---------------------|---|---|---------------------|
| | corporate management team? | | | | |
| LGAN | Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities? | Y | | | |
| LGAN | Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority. | Y | | | |
| 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? | Y Y Y | | | |
| | 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: | | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|--------|---|---|---|
| | <p>The board:</p> <p>a) approves the internal audit charter</p> <p>b) approves the risk-based audit plan</p> <p>c) approves the internal audit budget and resource plan</p> | Y Y | P | | Budget approval is not the responsibility of the audit committee but details of the resource position in terms of audit days needed and audit days available and any resource implications are reported to Audit Committee. |
| | d) receives communications from the CAE on the activity's performance (in relation to the plan, for example) | Y | | | |
| | e) approves decisions relating to the appointment and removal of the CAE | | | N | The responsibility for the appointment of the CAE is that of the S151 who is responsible for maintaining an adequate internal audit function |
| | f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations. | Y | | | <p>The audit committee will challenge the level of resources if it had reason to question performance</p> <p>Annual review of effectiveness</p> |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|---|---|---|---|
| | Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE? | | | N | S151 has line management responsibility |
| | Is feedback sought from the chair of the audit committee for the CAE's performance appraisal? | | | N | |
| | <i>1111 Direct Interaction with the Board</i> | | | | |
| | Does the CAE communicate and interact directly with the board? | Y | | | |
| | <i>1120 Individual Objectivity</i> | | | | |
| | Do internal auditors have an impartial, unbiased attitude? | Y | | | |
| | Do internal auditors avoid any conflict of interest, whether apparent or actual? | Y | | | |
| | <i>1130 Impairment to Independence or Objectivity</i> | | | | |
| | 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 |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|-------------------------------|
| | Have internal auditors assessed specific operations for which they have been responsible within the previous year? | | | N | |
| | 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 |
| LGAN | Are assignments for on- going assurance engagements and other audit responsibilities rotated periodically within the internal audit team? | | P | | Scope to further rotate staff |
| LGAN | Have internal auditors declared interests in accordance with organisational requirements? | Y | | | Review date this last done |
| 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? | | | | N/A |
| LGAN | Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain? | | | N | |
| LGAN | Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|--|
| | practice, subject to any confidentiality agreements? | | | | |
| LGAN | Have internal auditors complied with the Bribery Act 2010? | Y | | | Ensure covered in induction training /audit manual |
| | 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 Need to ensure any potential conflict of interests when performing work for external bodies who buy services from DCC Need to reflect in Internal Charter and Audit Manual |
| | 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 |
| 3.3 | 1200 Proficiency and Due Professional Care | | | | |
| | <i>1210 Proficiency</i> | | | | |
| | Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent? | Y | | | |
| | Is the CAE suitably experienced? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|------|---|---|---|---|--|
| LGAN | Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes? | Y | | | |
| 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? | | P | | Some are slightly out of date but are reviewed prior to every new appointment |
| | Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities? | Y | | | Plans in place to fill known skills gaps |
| | Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance? | Y | | | External audit partners appointment – networking groups |
| | Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation? | Y | | | Knowledge will vary amongst audit staff - but they know where to seek advice if required |
| | Do internal auditors have sufficient knowledge of key information technology risks and controls? | Y | | | Knowledge will vary amongst audit staff - but they know where to seek advice if required |
| | Do internal auditors have sufficient knowledge of the appropriate | Y | | | Knowledge will vary amongst audit |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|--|
| | computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques? | | | | staff - but they know where to seek advice if required |
| | <i>1220 Due Professional Care</i> | | | | |
| | Do internal auditors exercise due professional care by considering the: | | | | |
| | a) Extent of work needed to achieve the engagement's objectives? | Y | | | |
| | b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? | Y | | | |
| | c) Adequacy and effectiveness of governance, risk management and control processes? | Y | | | |
| | d) Probability of significant errors, fraud, or non-compliance? | Y | | | |
| | e) Cost of assurance in relation to potential benefits? | Y | | | |
| | | | | | |
| | Do internal auditors exercise due professional care during a consulting engagement by considering the: | | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|--------|---|---|--|
| | <p>a) Needs and expectations of clients, including the nature, timing and communication of engagement results?</p> <p>b) Relative complexity and extent of work needed to achieve the engagement's objectives?</p> <p>c) Cost of the consulting engagement in relation to potential benefits?</p> | Y Y | P | | <p>Timeliness of reports has been an issue on some occasions</p> <p>Terms of reference have not always been agreed for consultancy engagement's so time commitment can be open ended</p> |
| | <i>1230 Continuing Professional Development</i> | | | | |
| LGAN | Has the CAE defined the skills and competencies for each level of auditor? | Y | | | JD/PS |
| LGAN | Does the CAE periodically assess individual auditors against the predetermined skills and competencies? | | P | | Appraisals carried out by Audit Managers – some assessment through quality assurance framework but needs developing and formalising |
| | Do internal auditors undertake a programme of continuing professional development? | | P | | Qualified staff only |
| | Do internal auditors maintain a record of their professional | | P | | As above |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|--|
| | development and training activities? | | | | |
| 3.4 | 1300 Quality Assurance and Improvement Programme | | | | |
| | Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated? | | P | | Operational service plan traditionally in place to capture improvement actions but needs updating to reflect PSIAS requirements Quality assurance programme needs to be developed |
| | Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement? | | P | | Annual review of effectiveness undertaken but as yet does not include all aspects of QAIP |
| | Does the CAE maintain the QAIP? | | P | | Updated QAIP needed |
| LGAN | If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)? | Y | | | |
| | <i>1310 Requirements of the Quality Assurance and Improvement Programme</i> | | | | |
| | Does the QAIP include both internal and external assessments? | | P | | External auditor has been asked to |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|------------|---|---|
| | | | | | input into the annual review of effectiveness in the pass. Customer feedback S151 Feedback from Chair of the Audit Committee |
| | <i>1311 Internal Assessments</i> | | | | |
| LGAN | Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence? | Y | | | Also - key responsibility of Audit Managers |
| | 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? | | P P | | Needs developing in some areas Quality assurance framework will need developing to evidence this |
| LGAN | Does on - going performance monitoring include comprehensive performance targets? | Y | | | |
| LGAN | Are the performance targets developed in consultation with appropriate parties and included in any service level agreement? | Y | | | Included in internal charter agreed by CMT and Audit Committees |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|------|---|---|---|---|--|
| LGAN | Does the CAE measure, monitor and report on progress against these targets? | Y | | | |
| LGAN | Does ongoing performance monitoring include obtaining stakeholder feedback? | Y | | | |
| | 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. | Y | | | Self assessment carried out by HIA and reviewed by S151 Officer. |
| LGAN | Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives? | Y | | | |
| | <i>1312 External Assessments</i> | | | | |
| | Has an external assessment been carried out, or is planned to be carried out, at least once every five years? | | | N | Plans for assessment will be developed during 2013/14 |
| LGAN | Has the CAE considered the pros and cons for the different types of external assessment (ie 'full' or self-assessment plus 'independent validation')? | | | N | As above |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|---------------------|
| | Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board? | | | N | As above |
| LGAN | Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive? | | | N | As above |
| | Has the CAE agreed the scope of the external assessment with the external assessor or assessment team? | | | N | As above |
| | <p>Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?</p> <p>Competence can be determined in the following ways:</p> <ul style="list-style-type: none"> a) experience gained in organisations of similar size b) complexity c) sector (ie the public sector) d) industry (ie 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> | | | N | As above |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|---|---|---|--|
| | 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? | | | N | As above |
| | 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. | | | | N/A |
| | <i>1320 Reporting on the Quality Assurance and Improvement Programme</i> | | | | |
| | Has the CAE reported the results of the QAIP to senior management and the board? | | P | | <p>Outcomes from annual review of effectiveness (periodic internal assessment) included in annual audit report presented to both CMT and Audit Committee but due to timing issues in the past this reflects the results from the previous year's exercise. Separate report on effectiveness presented to AC to consider on latest review each year in addition to the annual report.</p> <p>Need to improve the timeliness of information reported to CMT on this in future.</p> |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|--|
| | <p>Note that:</p> <p>a) the results of both external and periodic internal assessment must be communicated upon completion</p> | | | | |
| | <p>b) the results of ongoing monitoring must be communicated at least annually</p> <p>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.</p> | | | | |
| | Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report? | | P | | Any improvements identified through annual review of effectiveness will be reported in the annual report - formal implementation of QAIP yet to be developed . |
| | <i>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</i> | | | | |
| | Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this? | | | | N/A yet but areas of noncompliance will be reported when a further assessment is carried out at the end of 2013/14 |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|----------|---|---|---|---|---|
| | <i>1322 Disclosure of Non-conformance</i> | | | | |
| | Has the CAE reported any instances of non-conformance with the PSIAS to the board? | | | | Will be highlighted in annual review of effectiveness and annual audit report going forward |
| | Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced? | | | | Not yet applicable |
| 4 | Performance Standards | | | | |
| | 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? | Y | | | |
| | Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the <i>Standards</i> ? | Y | | | Internal Audit Charter requires updating to reflect new definition |
| | Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the <i>Code of Ethics</i> and the <i>Standards</i> ? | Y | | | Covering by existing charter and CIPFA's Code of ethics but needs revisiting to ensure compliance with IIA's Code of Ethics |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|------------|---|---|--|
| | 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? | Y Y | | | |
| | <i>2010 Planning</i> | | | | |
| | Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals? | Y | | | All audits in 2013/14 linked to council priorities but further work needed to improve annual risk based planning linked to assurance mapping |
| | Does the risk-based plan take into account the requirement to produce an annual internal audit opinion? | Y | | | |
| | Does the risk-based plan take into account the organisation's assurance framework? | | P | | Assurance framework needs development |
| | Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of: a) How the internal audit service will be delivered? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|--|
| | b) How the internal audit service will be developed in accordance with the internal audit charter? | Y | | | |
| | c) How the internal audit service links to organisational objectives and priorities? | Y | | | |
| | Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks? | Y | | | Reflects Audit strategy in IA Charter but Charter and Strategy are to be reviewed in 2013/14 |
| | 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? | Y | | | Risk Maturity of organisation considered to be "risk aware". Audit plan reflects the audit strategy to embed operational risk management using CRA methodology |
| | If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this? | Y | | | |
| LGAN | Does the risk-based plan set out the: | | | | |
| | a) Audit work to be carried out? | Y | | | |
| | b) Respective priorities of those pieces of audit work? | | | N | Area for improvement |
| | c) Estimated resources needed for the work? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|------|--|---|---|---|---|
| LGAN | Does the risk-based plan differentiate between audit and other types of work? | Y | | | |
| LGAN | Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation? | Y | | | |
| | Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls? | Y | | | |
| | Is the internal audit activity's plan of engagements based on a documented risk assessment? | | P | | <p>Risk assessment based on review of key service activities as per strategic plan - but needs to be developed to reflect outcomes from other assurance sources and links to assurance framework .</p> <p>Post Audit Evaluations carried out after each audit using CRA approach is being used to inform risk assessment but requires further development</p> |
| | Is the risk assessment used to develop the plan of engagements undertaken at least annually? | | P | | <p>Post Audit Evaluations are used to update Strategic Audit Plan/Risk Assessment but requires further devel-</p> |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|--|----------------------------|---|---|--|
| | | | | | <p>opment to capture other assurance sources and links to assurance framework.</p> <p>Services activities included in strategic plan reviewed every year</p> |
| LGAN | <p>In developing the risk-based plan, has the CAE also considered the following:</p> <p>a) Any declarations of interest (for the avoidance for conflicts of interest)?</p> <p>b) The requirement to use specialists, eg IT or contract and procurement auditors?</p> <p>c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary?</p> | <p>Y</p> <p>Y</p> <p>Y</p> | | | |
| | <p>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?</p> | Y | | | |
| | <p>Is the input of senior management and the board considered in the risk assessment process?</p> | Y | | | <p>I A Charter approved by CMT and Audit Committee</p> |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|---|
| | Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions? | Y | | | Current format of Annual Audit Report reflects requirements outlined by CMT when considering an earlier draft |
| | Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them? | Y | | | Assignments only included in proposed annual audit plans where they fit with IA's Role |
| | Are consulting engagements that have been accepted included in the risk-based plan? | Y | | | |
| | <i>2020 Communication and Approval</i> | | | | |
| | Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval? | Y | | | Annual Plans reported to CMT for endorsement and Audit Committee for approval |
| | Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen? | Y | | | Quarterly Progress Reports |
| | Has the CAE communicated the impact of any resource limitations to senior management and the board? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|--|---|---|---|---|
| | <i>2030 Resource Management</i> | | | | |
| | Does the risk-based plan explain how internal audit's resource requirements have been assessed? | Y | | | |
| LGAN | Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time? | Y | | | As far as this is practical |
| 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. | | | | Would do this if necessary |
| | <i>2040 Policies and Procedures</i> | | | | |
| | Has the CAE developed and put into place policies and procedures to guide the internal audit activity? | Y | | | Need updating to reflect PSIAS and co-ordinating through the development of an audit manual |
| LGAN | Has the CAE established policies and procedures to guide staff in performing their duties in a manner than conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic | | P | | As above |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|---|
| | management systems. | | | | |
| LGAN | Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards? | | P | | As above |
| | <i>2050 Coordination</i> | | | | |
| | Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources? | Y | | | |
| LGAN | Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance? | | P | | In development |
| | Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services? | | P | | External audit and CAS quality assurance team examples but could be developed further |
| LGAN | Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans? | Y | | | |
| | <i>2060 Reporting to Senior Management and the Board</i> | | | | |
| | Does the CAE report periodically to senior management and the | Y | | | Quarterly progress reports |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|---|---|---|--|
| | board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan? | | | | |
| | Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board? | Y | | | |
| | Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board? | Y | | | Quarterly reporting developed in consultation with CMT and Audit Committee |
| | <i>2070 External Service Provider and Organisational Responsibility for Internal Auditing</i> | | | | |
| | Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation? | Y | | | |
| | | | | | |
| | Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|---------------------|
| | internal control processes? | | | | |
| | Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced? | Y | | | |
| | <i>2110 Governance</i> | | | | |
| | Does the internal audit activity: | | | | |
| | a) Promote appropriate ethics and values within the organisation? | Y | | | |
| | b) Ensure effective organisational performance management and accountability? | Y | | | |
| | c) Communicate risk and control information to appropriate areas of the organisation? | Y | | | |
| | d) Coordinate the activities of and communicate information among the board, external and internal auditors and management? | Y | | | |
| | Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|---|
| | <p>Has the internal audit activity evaluated the:</p> <p>a) design</p> <p>b) implementation, and</p> <p>c) effectiveness</p> <p>of the organisation's ethics-related objectives, programmes and activities?</p> | | P | | Will be covered by various audits in part but not as a specific audit – planned for 2013/14 |
| | Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives? | Y | | | IT strategy audit and other IT audits |
| LGAN | Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan? | Y | | | |
| | <i>2120 Risk Management</i> | | | | |
| | <p>Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that:</p> <p>a) Organisational objectives support and align with the organisation's</p> | Y | | | As the CAE is also responsible for the |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|---|
| | mission? | | | | RM function independent peer reviews are undertaken periodically by external sources eg Zurich, Marsh. |
| | b) Significant risks are identified and assessed? | Y | | | Risk based approach to all audit work provides some assurance that operational risk management is effective and any significant risks are incorporated in strategic risk management processes |
| | c) Appropriate risk responses are selected that align risks with the organisation's risk appetite? | | P | | Risk appetite not defined |
| | 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? | Y | | | |
| | Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the: | | | | Considered in RBA and development of CRA |
| | a) Achievement of the organisation's strategic objectives? | Y | | | |
| | b) Reliability and integrity of financial and operational information? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|---|---|---|-------------------------------|
| | c) Effectiveness and efficiency of operations and programmes? | Y | | | |
| | d) Safeguarding of assets? | Y | | | |
| | e) Compliance with laws, regulations, policies, procedures and contracts? | Y | | | |
| | Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk? | Y | | | Fraud Risk Register |
| | Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement? | Y | | | RBA applied to all audit work |
| | Are internal auditors alert to other significant risks when undertaking consulting engagements? | Y | | | |
| | Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes? | Y | | | |
| | <i>2130 Control</i> | | | | |
| | Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations | | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|------------|---|---|---|---|---------------------|
| | and information systems regarding the: | | | | |
| | a) Achievement of the organisation's strategic objectives? | Y | | | |
| | b) Reliability and integrity of financial and operational information? | Y | | | |
| | c) Effectiveness and efficiency of operations and programmes? | Y | | | |
| | d) Safeguarding of assets? | Y | | | |
| | e) Compliance with laws, regulations, policies, procedures and contracts? | Y | | | |
| | Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes? | Y | | | |
| 4.3 | 2200 Engagement Planning | | | | |
| | Do internal auditors develop and document a plan for each engagement? | Y | | | TOR |
| | Does the engagement plan include the engagement's: | | | | |
| | a) Objectives? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|---------------------|
| | b) Scope? | Y | | | |
| | c) Timing? | Y | | | |
| | d) Resource allocations? | Y | | | |
| | Do internal auditors consider the following in planning an engagement, and is this documented: | | | | |
| | a) The objectives of the activity being reviewed? | Y | | | |
| | b) The means by which the activity controls its performance? | Y | | | |
| | c) The significant risks to the activity being audited? | Y | | | |
| | d) The activity's resources? | Y | | | |
| | e) The activity's operations? | Y | | | |
| | f) The means by which the potential impact of risk is kept to an acceptable level? | Y | | | |
| | g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|------------|---------------------|---|--|
| | h) The opportunities for making significant improvements to the activity's governance, risk management and control processes? | Y | | | |
| | 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? | Y Y | | | |
| | c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)? | Y | | | |
| | 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 | | P P P | | Not all advice and consultancy reviews and F & I reviews have had TOR in the past - area for improvement |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|---------------------|
| | client and other client expectations? | | | | |
| | For significant consulting engagements, has this understanding been documented? | | P | | |
| | <i>2210 Engagement Objectives</i> | | | | |
| | Have objectives been agreed for each engagement? | Y | | | |
| | Have internal auditors carried out a preliminary risk assessment of the activity under review? | Y | | | |
| | Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out? | Y | | | |
| | Have internal auditors considered the probability of the following, when developing the engagement objectives: | | | | |
| | a) Significant errors? | Y | | | |
| | b) Fraud? | Y | | | |
| | c) Non-compliance? | Y | | | |
| | d) Any other risks? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|--|---|---|---|---|
| | 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? | Y | | | Performance management risks should be covered in CRA |
| | If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls? | Y | | | |
| | If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria? | Y | | | |
| 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? | | | | N/A No VFM criteria specified |
| | Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client? | Y | | | |
| | Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives? | Y | | | |
| | <i>2220 Engagement Scope</i> | | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|------------------|---|---|--------------------------------------|
| | Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives? | Y | | | |
| | Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems? b) Records? c) Personnel? d) Premises? | Y Y Y Y | | | Where applicable |
| | 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? | Y Y Y Y | | | |
| | Where significant consulting opportunities have arisen during an | Y | | | If the review changes from an assur- |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|---|---|---|---|
| | assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up? | | | | ance review to a consultancy review the reasons and expectations should be documented |
| | 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? | | P | | Area for improvement to ensure that all consultancy type reviews have agreed TOR's |
| | For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives? | | P | | As above |
| | 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? | Y | | | Need to ensure that this can be evidenced |
| | During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements? | Y | | | |
| | During consulting engagements, were internal auditors alert to any significant control issues? | Y | | | They should always be alert to significant control issues whatever they are doing |
| | | | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|----------------------------|---|---|---|
| | | | | | |
| | <i>2230 Engagement Resource Allocation</i> | | | | |
| | <p>Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on:</p> <p>a) The nature and complexity of each individual engagement?</p> <p>b) Any time constraints?</p> <p>c) The resources available?</p> | <p>Y</p> <p>Y</p> <p>Y</p> | | | |
| | <i>2240 Engagement Work Programme</i> | | | | |
| | Have internal auditors developed and documented work programmes that achieve the engagement objectives? | Y | | | Yes – if previously audited CRA approach - work programme developed for each assignment as part of the planning and pre stage of each audit - |
| | <p>Do the engagement work programmes include the following procedures for:</p> <p>a) Identifying information?</p> | <p>Y</p> <p>Y</p> | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|---|
| | b) Analysing information? | Y | | | Need to review testing strategies - will vary from assignment to assignment |
| | c) Evaluating information? | Y | | | |
| | d) Documenting information? | Y | | | |
| | Were work programmes approved prior to implementation for each engagement? | | P | | CRA and TOR approved Need to review processes for approving testing strategies |
| | Were any adjustments required to work programmes approved promptly? | | P | | As above |
| | Have internal auditors carried out the following in order to achieve each engagement's objectives: | | | | Can only be assessed by testing work carried out. Programme of test sampling to be carried out by Audit Managers and CAE |
| | a) Identify sufficient information? | Y | | | |
| | b) Analyse sufficient information? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|--|---|---|---|--|
| | c) Evaluate sufficient information? | Y | | | |
| | d) Document sufficient information? | Y | | | |
| | <i>2310 Identifying Information</i> | | | | |
| | Have internal auditors identified the following in order to achieve each engagement's objectives: | | | | Need to develop quality assurance framework to evidence compliance |
| | a) Sufficient information? | Y | | | |
| | b) Reliable information? | Y | | | |
| | c) Relevant information? | Y | | | |
| | d) Useful information? | Y | | | |
| | <i>2320 Analysis and Evaluation</i> | | | | |
| | Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations? | Y | | | Need to develop quality assurance framework to evidence |
| LGAN | Have internal auditors remained alert to the possibility of the following: | | | | As above |
| | a) intentional wrongdoing | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|--|
| | b) errors and omissions | Y | | | |
| | c) poor value for money | Y | | | |
| | d) failure to comply with management policy, and | Y | | | |
| | e) conflicts of interest | Y | | | |
| | when performing their individual audits, and has this been documented? | | | | Should be identified as potential risks in CRA |
| | <i>2330 Documenting Information</i> | | | | |
| | Have internal auditors documented the relevant information required to support engagement conclusions and results? | Y | | | |
| LGAN | Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached? | Y | | | |
| | Does the CAE control access to engagement records? | Y | | | |
| | Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external | Y | | | Internal Audit Charter approved by makes it clear finalised reports will be shared with EA |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|------------|---|---|---|---|--|
| | parties? | | | | |
| | Has the CAE developed and implemented retention requirements for all types of engagement records? | Y | | | Need to review where this documented - Should be referenced in internal audit charter and manual |
| | Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements? | Y | | | Record management arrangements need to be documented in Audit Manual |
| | <i>2340 Engagement Supervision</i> | | | | |
| | Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed? | Y | | | Audit Working Papers |
| | Is appropriate evidence of supervision documented and retained for each engagement? | Y | | | Audit working papers |
| 4.5 | 2400 Communicating Results | | | | |
| | Do internal auditors communicate the results of engagements? | Y | | | |
| | <i>2410 Criteria for Communicating</i> | | | | |
| | Do the communications of engagement results include the following: | | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|---------------------|
| | a) The engagement's objectives? | Y | | | |
| | b) The scope of the engagement? | Y | | | |
| | c) Applicable conclusions? | Y | | | |
| | d) Recommendations and action plans, if appropriate? | Y | | | |
| LGAN | Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions? | Y | | | |
| LGAN | If recommendations and an action plan have been included, are recommendations prioritised according to risk? | Y | | | |
| LGAN | If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales? | Y | | | |
| LGAN | If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted? | Y | | | |
| LGAN | Do communications disclose all material facts known to them in their | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|--|---|---|---|---|
| | audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements? | | | | |
| LGAN | Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment? | Y | | | |
| | When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account? | Y | | | Opportunity to challenge opinion |
| | When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information? | Y | | | |
| | Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question? | Y | | | In relation to satisfactory performance of risk management in relation to the area of activity - not necessary overall service delivery performance |
| | When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results? | Y | | | Disclosure on audit reports |
| LGAN | If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their | | | | Can't recall ever providing assurance to a third party |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|----------------------------|---|---|--------------------------------|
| | fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services? | | | | |
| | <i>2420 Quality of Communications</i> | | | | |
| | Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely? | Y Y Y Y Y Y | P | | Has been an issue on occasions |
| | <i>2421 Errors and Omissions</i> | | | | |
| | If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication? | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|--|---|---|---|---|
| | <i>2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'</i> | | | | |
| | 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 Internal Audit Reports do not state they have been conducted in accordance with the standards |
| | <i>2431 Engagement Disclosure of Nonconformance</i> | | | | |
| | Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results? | | | | Will consider reporting needs required by the PSIAS |
| | <i>2440 Disseminating Results</i> | | | | |
| | Has the CAE determined the circulation of audit reports within the | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|---|---|---|--|
| | organisation, bearing in mind confidentiality and legislative requirements? | | | | |
| | Has the CAE communicated engagement results to all appropriate parties? | Y | | | |
| | Before releasing engagement results to parties outside the organisation, did the CAE: | | | | Only usually applies to external audit |
| | a) Assess the potential risk to the organisation? | Y | | | |
| | b) Consult with senior management and/or legal counsel as appropriate? | Y | | | |
| | c) Control dissemination by restricting the use of the results? | Y | | | Where applicable |
| | Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board? | Y | | | Quarterly progress reports |
| | <i>2450 Overall Opinion</i> | | | | |
| | Has the CAE delivered an annual internal audit opinion? | Y | | | |
| | Does the annual internal audit opinion conclude on the overall | Y | | | |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-----|---|-------------|---|---|---|
| | adequacy and effectiveness of the organisation's framework of governance, risk management and control? | | | | |
| | Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders? | Y | | | Opportunity to challenge overall conclusion |
| | Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information? | Y | | | |
| | 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? | Y Y Y | P | | Needs developing Reflects assurance opinion methodology applied to individual audits |
| | Where a qualified or unfavourable annual internal audit opinion is | | | | N/A to date |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|-------------|---|---|---|---|---|
| | given, are the reasons for that opinion stated? | | | | |
| | Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement? | Y | | | |
| | Does the annual report incorporate the following: | | | | |
| | a) The annual internal audit opinion? | Y | | | |
| LGAN | b) A summary of the work that supports the opinion? | Y | | | |
| LGAN | c) A disclosure of any qualifications to the opinion? | Y | | | |
| LGAN | d) The reasons for any qualifications to the opinion? | Y | | | |
| LGAN | e) A disclosure of any impairments or restriction in scope? | Y | | | |
| LGAN | f) A comparison of work actually carried out with the work planned? | Y | | | |
| | g) A statement on conformance with the PSIAS? | | P | | Reference to quality assurance framework and outcomes of annual review of effectiveness - will do in future as compliance with PSIAS becomes embedded |
| LGAN | h) The results of the QAIP? | | P | | Areas for improvement from initial assessment will be included in an im- |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|------|--|---|---|---|--|
| LGAN | i) Progress against any improvement plans resulting from the QAIP? | | P | | provement programme |
| LGAN | j) A summary of the performance of the internal audit activity against its performance measures and targets? | Y | | | |
| | k) Any other issues that the CAE judges is relevant to the preparation of the governance statement? | Y | | | Where applicable |
| 4.6 | 2500 Monitoring Progress | | | | |
| | Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action? | Y | | | |
| | Where issues have during the follow-up process, has the CAE considered revising the internal audit opinion? | | | N | Considered but generally a delay between agreement of action, implementation and evidences effectiveness – overall annual opinion not adjusted |
| | Do the results of monitoring management actions inform the risk-based planning of future audit work? | | P | | Depends on extent to which implementation can be evidenced |

| Ref | Conformance with the Standard | Y | P | N | Evidence (Comments) |
|------------|---|---|---|---|---|
| | Does the internal audit activity monitor the results of consulting engagements as agreed with the client? | Y | | | Any recommendation will be incorporated into actions database |
| 4.7 | 2600 Communicating the Acceptance of Risks | | | | |
| | If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management? | Y | | | Will be highlighted in quarterly progress reports |
| | If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board? | Y | | | |