

# Public Sector Internal Audit Standards

**Report Type:** Scorecard Report  
**Report Author:** Angela Struthers  
**Generated on:** 28 May 2014




**Public Sector Internal Audit Standards**


**Definition of Internal Auditing and Code of Ethics**

PSIAS 0	Definition of Internal Auditing							
<b>Assigned To</b>		<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>There are key areas within the International Standards that will help to decide whether or not internal audit meets the definition of internal auditing. These are:                      Attribute Standards 1010, 1100, 1110 and 1130                      Performance Standards 2010 and the 2100 series.                      However, an important aspect is the extent to which internal audit helps the organisation to achieve its objective and improve:                      · The Internal Audit Plan and the work of Internal Audit must focus on the things that matter to the organisation. The opinions and recommendations that internal audit provide must help the organisation and be valued by stakeholders.</p>							
<b>Actual Evidence</b>	Definition included in charter Intranet updated to include new definition							
<b>Latest Note</b>								


PSIAS_1	Integrity							
<b>Assigned To</b>		<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	Internal Audit has:							

	<ul style="list-style-type: none"> <li>· A high profile within the organisation.</li> <li>· A reputation for honesty, fair dealing and truthfulness – behaves with integrity.</li> <li>· Resilience and determination – is persistent when required.</li> <li>· High standards for doing their job and maintains these in practice. Involvement in reviewing and developing ethical behaviour in the organisation.</li> </ul> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors: Perform their work with honesty, diligence and responsibility? Observe the law and make disclosures expected by the law and the profession? Not knowingly partake in any illegal nor engage in acts that are discreditable to the profession of internal auditing to the organisation? Respect and contribute to the legitimate and ethical objectives of the organisation?</p>
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services reports directly to the S151 Officer(Executive Director Corporate Services).</p> <p>All staff within the Service are honest, truthful and behave with integrity and abide by the PSIAS and code of ethics as well as those laid down by their own professional bodies</p> <p>All staff are persistent in the completion of their duties whilst maintaining a high standard of work. Internal Audit lead for counter fraud documents. Also consulted on ethical policies and audit of ethical areas</p>
<b>Latest Note</b>	

PSIAS_2	Objectivity		
<b>Assigned To</b>		<b>Value</b>	<b>Status</b>
	2013/14	Yes	
<b>Examples of Evidence</b>	Individual objectivity, which includes an interpretation of 'conflict of interest', is set out within Attribute Standards 1120 and 1130. Compliance with these Attribute Standards will generally result in compliance with the Rules of Conduct. Internal audit is free from any bias or conflict of interest that would undermine or question their judgement – either in reality or perception.		
<b>Actual Evidence</b>	<p>Internal Audit is responsible for Risk Management but with the strong links between Internal Audit and Risk Management and the size of the authority, this is deemed acceptable. Internal Audit complete risk based audits in areas where risk registers are adequate and work with services to develop risk registers to an acceptable standard.</p> <p>Staff are free from any bias or conflict of interest that would undermine their judgement</p>		
<b>Latest Note</b>			

PSIAS_3	Confidentiality		
<b>Assigned To</b>		<b>Value</b>	<b>Status</b>
	2013/14	Yes	


<b>Examples of Evidence</b>	Confidentiality relating to Internal Audit work is set out within Performance Standard 2330 and compliance with this will generally result in compliance with the Rules of Conduct. Security and protection of information should be subject to daily routine and safeguards. Potential and actual breaches in confidentiality should be taken seriously and acted upon accordingly.
<b>Actual Evidence</b>	All information is treated confidentially. Reports are issued to specific managers. All information is secured on a daily basis with a clear desk policy in place. All auditors abide by the Code of Ethics of the IIA and their own professional bodies
<b>Latest Note</b>	

PSIAS_4	Competency			
<b>Assigned To</b>			Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	Competency is covered by the 1200 series of the Attribute Standards and compliance with these will generally result in compliance with the Rules of Conduct. Overall there should be a culture of continuous improvement, a commitment to staff retention and development, an appreciation of the IPPF among staff and assignment of work based on competency			
<b>Actual Evidence</b>	Continuous improvement is constantly being completed through team meetings and the PDR process. The PDR process identifies development areas for staff. Junior staff are mentored and trained by more senior experienced staff.			
<b>Latest Note</b>				


**Performance Standards**

**1000 - 1322 Attribute Standards**

**1000 - 1110 Purpose, Authority and responsibility**


PSIAS_1110	Organisational Independence			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	The Chief Audit Executive reports to a level in the organisation that is adequate to discharge his or her responsibilities – to the board functionally and the CEO administratively.			




	<p>To apply functional reporting the board typically:</p> <ul style="list-style-type: none"> <li>· Approves the IA Charter, IA risk assessment and related IA plan.</li> <li>· Receives the results of IA activities, performance and other matters that the CAE determines are necessary,</li> <li>· Hold private meetings with the CAE.</li> <li>· Receives annual confirmation of IA's organisational independence.</li> <li>· Approves decisions regarding the performance evaluation, appointment, or removal of the CAE.</li> <li>· Approve the annual compensation and any salary adjustment of the CAE.</li> <li>· Makes appropriate inquiries of senior management and the CAE to determine whether there is audit scope or budgetary limitations that impede the ability of the IA activity to execute its responsibilities.</li> </ul> <p>To apply administrative reporting the CEO ensures:</p> <ul style="list-style-type: none"> <li>· The preparation on an annual budget and appropriate budgetary control.</li> <li>· Human resource administration, including personnel evaluations and compensation. Internal communications and information flows.</li> </ul>
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services has unrestricted access to senior management and the Board which includes unfettered access to the Chief Executive and the Chair of the Committee. Threats to objectivity are managed at all levels. The Head of Internal Audit Services reports directly to the Executive Director Corporate Services which provides the HIAS with sufficient status within the authority.</p> <p>The independence of the HIAS is confirmed through the Audit &amp; Governance Committee approving the Internal Audit Charter, the risk based plan (including resources), receiving reports on Internal Audit activity and seeking reassurance regarding scope and resource limitations.</p> <p>The Chief Executive countersigns and comments on the HIAS's PDR. Feedback for the Chair of the Committee will be incorporated into the PDR process.</p> <p>The HIAS reports directly to the Committee.</p> <p>Internal Audit do not manage operations within the authority. The only area which Internal Audit is responsible for is Risk Management which is closely connected to Internal Audit and is detailed within the Charter.</p> <p>Internal Auditors in post have not had any operational responsibility for activities within the authority. Assignments are rotated within the team as much as is practical taking into account the size and experience of the team. They are required to disclose all material facts known to them. They are required to comply with the Bribery Act 2010.</p> <p>All members of staff are required to declare interests, gifts &amp; hospitality in accordance with the Authority's policies.</p> <p>Any significant additional consulting services agreed during the year will require approval from the Committee.</p>
<b>Latest Note</b>	




PSIAS_1000	Purpose, Authority, and Responsibility			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	



<b>Examples of Evidence</b>	<p>The internal audit (IA) activity has a formal definition of its purpose, authority and responsibility, which recognises the IIA definition of IA. Whatever document provides the formal definition will be the "internal audit charter" for the purposes of the standards - no matter what the document is actually called. The charter:</p> <ul style="list-style-type: none"> <li>· Establishes the position and reporting lines of IA within the organisation - both functional and administrative reporting lines.</li> <li>· Provides IA with unrestricted access to records, personnel, and physical properties relevant to the performance of engagements.</li> <li>· Sets the tone for IA activities and interaction with the board.</li> <li>· Defines the nature and scope of activities to be performed by IA – assurance, and consultancy engagements.</li> <li>· Sets out the nature and scope of IA assurance provided to parties outside the organisation.</li> <li>· Is approved by the board.</li> </ul> <p>The charter is kept up to date by:</p> <ul style="list-style-type: none"> <li>· Periodic review, which involves consultation with the senior management and the board. Incorporating changes in the International Professional Practice Framework (IPPF) as and when they occur.</li> </ul>	
<b>Actual Evidence</b>	<p>There is an Internal Charter in place which has been approved by the Audit &amp; Governance Committee. The Charter defines the terms "board", "senior management" and " Chief Audit Executive". The Charter establishes position within the authority and reporting lines (the HIAS reports directly to the Executive Director Corporate Services who is a member of the Corporate Management team and the s151 Officer). The Charter and Financial Guidance give Internal Audit unrestricted access to records, personnel and physical properties in order to perform engagements. The Charter sets the tone for Internal Audit activities and interaction with the Audit &amp; Governance Committee. The Charter defines the nature and scope of activities for both assurance and consultancy engagements. The Charter will be approved annually by the Audit &amp; Governance Committee and will be updated to include changes to the IPPF. the HIAS attends and presents reports to the meetings of the Audit &amp; Governance Committee</p>	
<b>Latest Note</b>		

**1110 - 1130 Independence and Objectivity**

PSIAS_1110	Organisational Independence			
<b>Assigned To</b>	Angela Struthers	2013/14	Value Yes	Status 
<b>Examples of Evidence</b>	<p>The chief audit executive reports to a level in the organisation that is adequate to discharge his or her responsibilities – to the board functionally and the CEO administratively.</p> <p>To apply functional reporting the board typically:</p> <ul style="list-style-type: none"> <li>· Approves the IA Charter, IA risk assessment and related IA plan.</li> <li>· Receives the results of IA activities, performance and other matters that the CAE determines are necessary,</li> <li>· Hold private meetings with the CAE.</li> <li>· Receives annual confirmation of IA's organisational independence.</li> <li>· Approves decisions regarding the performance evaluation, appointment, or removal of the CAE.</li> </ul>			

	<ul style="list-style-type: none"> <li>· Approve the annual compensation and any salary adjustment of the CAE.</li> <li>· Makes appropriate inquiries of senior management and the CAE to determine whether there is audit scope or budgetary limitations that impede the ability of the IA activity to execute its responsibilities.</li> </ul> <p>To apply administrative reporting the CEO ensures:</p> <ul style="list-style-type: none"> <li>· The preparation on an annual budget and appropriate budgetary control.</li> <li>· Human resource administration, including personnel evaluations and compensation. Internal communications and information flows.</li> </ul>							
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services has unrestricted access to senior management and the Board which includes unfettered access to the Chief Executive and the Chair of the Committee. Threats to objectivity are managed at all levels. The Head of Internal Audit Services reports directly to the Executive Director Corporate Services which provides the HIAS with sufficient status within the authority.</p> <p>The independence of the HIAS is confirmed through the Audit &amp; Governance Committee approving the Internal Audit Charter, the risk based plan (including resources), receiving reports on Internal Audit activity and seeking reassurance regarding scope and resource limitations.</p> <p>The Chief Executive countersigns and comments on the HIAS's PDR. Feedback for the Chair of the Committee will be incorporated into the PDR process.</p> <p>The HIAS reports directly to the Committee.</p> <p>Internal Audit do not manage operations within the authority. The only area which Internal Audit is responsible for is Risk Management which is closely connected to Internal Audit and is detailed within the Charter.</p> <p>Internal Auditors in post have not had any operational responsibility for activities within the authority. Assignments are rotated within the team as much as is practical taking into account the size and experience of the team. They are required to disclose all material facts known to them. They are required to comply with the Bribery Act 2010.</p> <p>All members of staff are required to declare interests, gifts &amp; hospitality in accordance with the Authority's policies.</p> <p>Any significant additional consulting services agreed during the year will require approval from the Committee.</p>							
<b>Latest Note</b>								
PSIAS_1100	Independence and Objectivity							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>The board review and approve the:</p> <ul style="list-style-type: none"> <li>· Internal audit charter</li> <li>· Risk based internal audit plan</li> <li>· Performance against the plan</li> </ul>							


	<ul style="list-style-type: none"> <li>· The appointment and removal of CAE</li> <li>· Any restrictions on scope and or resources</li> </ul> <p>The Internal Audit Charter and Planning Documents – such as IA Strategy, Annual IA Plan and Business Plans- do not contain major restrictions upon IA activity.          IA plans are consistent with the scope, authority and responsibility of the IA activity set out in the Internal Audit Charter.          IA plans account for all of the resources and time available to IA.          IA does not have responsibility for the management of operations within the organisation.          IA role and relationship with regard to other assurance providers, inside and outside the organisation is established and documented.          The justification for the use of internal audit contingency time is recorded and reported to the board.</p>							
<b>Actual Evidence</b>	<p>The HIAS has unrestricted access to CMT which includes the Chief Executive, and the Audit &amp; Governance Committee.          Threats to objectivity are managed at all levels. All internal auditors comply with the independence and objectivity standard and all work is reviewed to ensure that is unbiased.          The HIAS is a Head of Service and reports directly to the Executive Director Corporate Services but has direct to the Chief Executive.          Confirmation of the Internal Audit activity organisational independence is reported on a quarterly basis to the Audit &amp; Governance Committee.          The Audit &amp; Governance Committee approves the Internal Audit Charter, approves the risk based plan and receives quarterly performance reports on progress against the plan.          There is a PDR process in place - the Executive Director Corporate Services completes the PDR for the HIAS and this is reviewed and additional feedback received from the Chief Executive.</p>							
<b>Latest Note</b>								
PSIAS_1111	Direct Interaction with the Board							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>CAE regularly attends board meetings, reporting upon IA plans and activities.          CAE is given the opportunity to understand the way the board conducts its oversight of governance, risk management and control.          One to one sessions between the CAE and the board are planned into the annual timetable, either as part of the annual schedule of meetings or through the agreed working relationship between CAE and chair of the board. This occurs at least annually.</p>							
<b>Actual Evidence</b>	<p>The HIAS reports directly to the Committee on performance of Internal Audit plans and activities on a quarterly basis. The terms of reference for the Audit &amp; Governance Committee are detailed within the Constitution          The Head of Internal Audit Services can as and if required, arrange one to one meetings with the Chair of the Audit &amp; Governance Committee</p>							
<b>Latest Note</b>								



PSIAS_1120	Individual Objectivity			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	Information relating to internal auditors includes responsibilities held prior to appointment. The organisational chart and IA plans showing placement of internal auditors is compared to the information on the previous positions and responsibilities of internal auditors to ensure individual independence and objectivity. There is regular review of the placement/location of IA Team members to ensure independence. This takes into account the consultancy work individual internal auditors have performed when assigning assurance engagement. Internal auditors do not provide assurance in areas where they have been involved in advising management.			
<b>Actual Evidence</b>	Internal Auditors have an impartial, unbiased attitude. They have not worked within other services in the authority. Where consultancy work is completed, the auditor will not be involved in the audit of that area			
<b>Latest Note</b>				
PSIAS_1130	Impairment to Independence or Objectivity			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	CAE has established rules of conduct that clearly set out expected behaviour and defines the nature of conflict of interest and impairment of objectivity. This may include recognition or adoption of the organisation's Code of Practice provided this contains sufficient detail – including the acceptance of gift and hospitality. Where these do not exist or they lack clarity IA should formulate separate policies. Internal auditors are required to register hospitality and gifts, which is reviewed on a regular basis. Policies make auditors aware they must report any real or perceived conflict of interest as soon as such conflict arises. Procedures exist to support the policy and there is information to illustrate application – conflict of interest statements. Policy exists to ensure that assurance engagements of areas that are under the control or direct influence of the CAE are overseen by a party external to the CAE. IA engagements are rotated ensuring that activities and entities are not audited by the same auditor. The assignment of internal engagements are rotated to ensure that internal auditors involved in the development of systems and procedures do not review the management of risks and application of risk responses in these areas.			
<b>Actual Evidence</b>	Staff are required to complete a specific declaration of interest for Internal Audit. Where other employment/voluntary work is completed, this is declared and recorded corporately. There is a Corporate Gift and Hospitality Policy in place. Internal Auditors are required to declare all gifts and hospitality. The HIAS has responsibility for Risk Management. Arrangements will be made to ensure that the audit of Risk Management is completed			



	independently of the audit service.
<b>Latest Note</b>	


**1210 - 1230 Proficiency and Due Professional Care**



PSIAS_1210	Proficiency			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is a job description or person specification for each post with the IA organisation structure that defines appropriate knowledge, skills and experience.  The job descriptions/person specifications are reviewed periodically or when positions become available.  The knowledge, skills and competencies referred to might include:</p> <ul style="list-style-type: none"> <li>· Applying internal audit standards, procedures, and techniques in performing engagements.</li> <li>· Accounting principles and techniques if Internal Auditors work extensively with financial records and reports.</li> <li>· Knowledge to identify the indicators of fraud.</li> <li>· Knowledge of key information technology risks and controls and available technology-based audit techniques.</li> <li>· Communication and networking skills.</li> <li>· Managing people.</li> </ul> <p>A process exists that identifies individual internal auditor training and development needs with support for qualification programmes and other training and development activities.  Internal Auditor performance is reviewed on a regular basis, the results of which feed back into the needs assessment and CPD process.  Internal Auditors who perform specialised audit and consulting work such as information technology, tax, actuarial, or systems design undertake specific training and development.  The CAE identifies gaps in knowledge and skills in the formulation of internal audit plans and engages capable assistance with approval of senior management and the audit committee.  Capable assistance includes co-sourcing arrangements, use of internal experts and other assurance providers and specialist service providers external to the organisation. The CAE assesses the competency and objectivity of external service providers prior to their appointment.</p>			
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services holds a professional qualification - CMIIA and has over 20 years Internal Audit experience. The Head of Internal Audit Services is responsible for the recruitment of staff in accordance with the authority's recruitment processes.  Job descriptions and person specifications are up to date and reflect the roles undertaken and also define qualifications and experience required for the role. the Principal Auditor is professionally qualified - ACCA, and the Audit Assistant is actively studying for AAT  Internal Audit have sufficient knowledge to evaluate the key information technology risks, risk of fraud and anti-fraud arrangements within the Authority.  Specialist IT Audit brought in where budget allows. Shadowing of contractor completed to enable development of staff.</p>			
<b>Latest Note</b>				



PSIAS_1220	Due Professional Care			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>The IA activity formally defines how it operates in a series of policies and procedures. For some the collection of documents may take the form of an Internal Audit Manual. The policies and procedures specify the way audit files and working papers need to be kept to record the information gathered and analysis performed during the audit engagement.</p> <p>Policies and procedure recognise the elements and requirements of the IPPF.</p> <p>Internal auditors research and gather background information to help them prioritise objectives and set boundaries for each audit engagement – assurance and consulting.</p> <p>The objectives and priorities for audit engagements are discussed with senior management and stakeholders where appropriate. Audit engagements focus upon management’s assessment of risk responses. Taking into consideration residual risk and management assurance upon the effectiveness of the risk response. Where this is not available internal auditors perform their own assessment of risks. Where appropriate audit engagements are supported by appropriate tools, including reporting within information systems, interrogation techniques and other CAATs.</p> <p>The communication of conclusions and audit opinions are based on appropriate information such as observations, tests, analyses and other documentation. This is indexed and classified in working papers linked to the engagement work programme, schedule of testing and audit objectives.</p>			
<b>Actual Evidence</b>	<p>The Internal Audit Manual is in the process of being reviewed following the implementation of the Covalent Audit Hub. Research and background reviews are completed for all audit assignments.</p> <p>Objectives and priorities of the audit are discussed at the pre-meet stage and management concerns are identified.</p> <p>Risk registers for the service area are taken into account for risk based reviews and system based reviews. Where risk registers are not of a sufficient standard, Internal Audit work with management to produce a sufficiently robust risk register.</p> <p>System generated reports are used where possible. no CAATs specific software is used due to the cost involved.</p> <p>Observations testing and analysis used and indexed within the covalent system</p>			
<b>Latest Note</b>				
04-Nov-2013	The Internal Audit Manual has been reviewed and updated. Documented procedures are drafted ready for review to be included in the manual.			
03-Feb-2014	The Audit Manual has been reviewed and updated and documented procedures relating to the use of the Covalent System have been linked to the Audit Manual			
PSIAS_1230	Continuing Professional Development			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	

<b>Examples of Evidence</b>	There is a process to assess the training and development needs of internal auditors that provides input to the continuous professional development (CPD) programme required by the Institute. The process may be based upon the organisation's staff appraisal procedure but centres upon the development of professional proficiency and the changing demands upon the profession.	
<b>Actual Evidence</b>	Job descriptions and person specifications identify the skills and competencies required for each level of auditor. Personal Development Reviews are completed annually. The IIA Competency Framework is also used in the PDR process Continued Professional Development is completed by all auditors and in line with their professional bodies recorded as required	
<b>Latest Note</b>		


**1300 - 1322 Quality Assurance and Improvement Programme (QAIP)**

PSIAS_1300	Quality Assurance and Improvement Programme (QAIP)		
<b>Assigned To</b>	Angela Struthers		
		<b>Value</b>	<b>Status</b>
		2013/14	Yes 
<b>Examples of Evidence</b>	The QAIP is about establishing a culture of continuous improvement to prevent problems and to underpin day-to-day delivery of a reliable assurance and consulting service. This is lead by the CAE who sets a vision, a strategy and service expectations through policies, procedures and review arrangements based upon stakeholder requirements and consultation with the internal audit team. Stakeholder expectations and the results of consultations with staff are documented. The establishment of QAIP and its purpose is reflected in the internal audit charter. This refers to the arrangements for supervision and review of the work that staff do.		
<b>Actual Evidence</b>	Quality assurance and improvement programme covers all aspects of the internal activity and conformance with PSIAS. Any non conformance with the PSIAS identified and improvement plan put in place. The QAIP is maintained by the HIAS. The review of the effectiveness (compliance with the PSIAS and whether Internal Auditors apply the Code of Ethics) of Internal Audit is completed annually and reported the Audit & Governance Committee.		
<b>Latest Note</b>			
PSIAS_1310	Requirements of the Quality Assurance and Improvement Programme		
<b>Assigned To</b>	Angela Struthers		
		<b>Value</b>	<b>Status</b>

		2013/14	Yes	
<b>Examples of Evidence</b>	There is a plan or schedule agreed with senior management and the board that sets out the type, nature and timing of future assessments – both internal and external.			
<b>Actual Evidence</b>	Annual internal assessment. External assessment to be agreed with the Audit & Governance Committee			
<b>Latest Note</b>				
03-Feb-2014	An annual assessment has been completed and will be reported to the Audit & Governance Committee 27th March 2014			
PSIAS_1311	Internal Assessments			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is evidence of ongoing internal reviews of the performance of the internal audit activity. There are a variety of options for this depending on the size and structure of the service including self assessment by the internal audit activity, peer reviews, benchmarking exercises, post audit and/or annual client questionnaires, monitoring by the audit committee and other reviews initiated internally by the organisation.</p> <p>The ISO quality standard, EFQM and other models can be used to establish and maintain the QAIP. The precise nature and mix of the internal assessments will be decided by the organisation to best suit circumstances but all should evaluate internal audit activity in accordance with:</p> <ul style="list-style-type: none"> <li>· The professional requirements in the IPPF.</li> <li>· The vision and policies set by the CAE.</li> <li>· The Internal Audit Charter.</li> <li>· Internal audit procedures that set out to achieve quality on a daily basis – including the recognition and prevention of 'defects'.</li> </ul>			
<b>Actual Evidence</b>	Self assessment against the PSIAS completed. Benchmarking exercises are completed on an ad hoc basis as required and when they are seen to be cost effective - CIPFA charge to take part in the benchmarking exercise and sometimes the number of participants is low so a true comparison cannot be made. Additional benchmarking is completed within Staffordshire which again is difficult to benchmark as organisations are getting smaller and internal audit are changing roles. Annual questionnaire are sent to members of the corporate management team. Quarterly reports are sent to the Audit & Governance Committee. Internal Audit will look at the ISO Quality Standard and ensure that they conform with the standard but the cost of accreditation is too expensive. An Internal Audit Charter is in place.			
<b>Latest Note</b>				
PSIAS_1312	External Assessments			


<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>The CAE consults with the board when deciding the frequency of the external assessment and the qualifications and independence of the external reviewer or review team.</p> <p>The reviewer or review team is from outside the organisation and is free from any obligations to or interests in the organisation – in particular consulting services.</p> <p>Reviewers are qualified, with appropriate competence and experience of IA – at least three years at manager level - and knowledge of leading practices in IA, as well as current, in-depth knowledge of the IPPF.</p> <p>There is evidence of comprehensive external reviews at least every 5 years (This includes peer review where there is an element of independence in the process).</p> <p>For some organisations external quality reviews may be carried out more regularly based upon regulatory or funding requirements – particularly the public sector.</p> <p>External audit reviews may also be appropriate where significant change has occurred within the organisation of internal audit activity.</p>			
<b>Actual Evidence</b>	To be advised by the Audit & Governance Committee			
<b>Latest Note</b>				
07-Mar-2014	To be decided at the Audit & Governance Committee 27 March 2014			
PSIAS_1320	Reporting on the Quality Assurance and Improvement Programme			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>The results of the QAIP are reported to the stakeholders of IA.</p> <p>Where the IA activity cannot conform with one aspect or other of the IPPF the details of the non-conformance and its implications are reported to the board.</p> <p>All aspects of the QAIP generate improvements in what is done and in how it is done. This is done using agreed and assigned action plans with target dates</p> <p>Follow-up and reporting of the implementation of actions to Senior Management and the Board.</p>			
<b>Actual Evidence</b>	This will be reported to the Audit & Governance Committee			
<b>Latest Note</b>				
03-Feb-2014	Will reported to the Audit & Governance Committee 27/3/14			
PSIAS_1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing			


<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	The wording that the IA activity uses in reports regarding conformance with the IPPF is consistent with the results of the quality assessments – internal and external. The IA activity conforms to the IPPF when it achieves the outcomes described in the Definition of Internal Auditing, Code of Ethics and International Standards.			
<b>Actual Evidence</b>	Not yet reported			
<b>Latest Note</b>				
07-Mar-2014	To be reported to the Audit & Governance Committee 27th March 2014			



PSIAS_1322	Disclosure of Non-conformance			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	There is evidence of appropriate disclosure linked to 1321.			
<b>Actual Evidence</b>	see 1321			
<b>Latest Note</b>				

## 2000 - 2600 Performance Standards



### 2000 - 2060 Managing the Internal Audit Activity


PSIAS_2000	Managing the Internal Audit Activity			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	The internal audit activity adds value to the organisation (and its stakeholders) when it provides: · Objective and relevant assurance, and Contributes to the effectiveness and efficiency of governance, risk management and control processes. Delivery of the internal audit			

	service to the organisation involves planning, communication and approval, resource management, policies and procedures, coordination and reporting to senior management and the board. As well as functional management the CAE may be required to comply with organisational administrative and personnel management requirements. This might include: business planning, budget forecasting and management, staff appraisal, succession planning etc.			
<b>Actual Evidence</b>	Objective and relevant assurance is provided annual in the annual audit opinion. Internal Audit report quarterly to the Audit & Governance Committee. It contributes to the effectiveness and efficiency of governance, risk management and control processes. The Head of Internal Audit Services is responsible business planning, budget monitoring, staff appraisal			
<b>Latest Note</b>				
PSIAS_2010	Planning			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>The CAE has established risk-based internal audit plans (RBIA) in consultation with the board and senior management that identifies where assurance and consultancy is required on risk management processes, management assurances and risk responses. The audit plan establishes a link between the proposed audit topics and the priorities and risks of the organisation taking into account:</p> <ul style="list-style-type: none"> <li>· Stakeholder expectations, and feedback from senior and operational managers.</li> <li>· Objectives set in the strategic plan and business plans, including major projects and financial forecasts.</li> <li>· Risk maturity in the organisation to provide an indication of the reliability of risk registers.</li> <li>· Management’s identification and response to risk, including risk mitigation strategies and levels of residual risk.</li> <li>· Legal and regulatory requirements.</li> <li>· The audit universe – all the audits that could be performed within the scope of the IA Charter.</li> <li>· Previous IA Plans and the results of audit engagements.</li> </ul>			
	<p>The CAE determines stakeholder expectations for IA opinions including the levels of assurance required, scope and the way assurance is given such as narrative or rating by discussion with senior management and the board. Where the organisation’s risk maturity is at formative level – defined as ‘naïve’ or ‘aware’ - IA may perform consulting engagements to support the improvement of risk management. In this situation IA performs its own risk assessment in formulating risk based IA Plans. There is a degree of flexibility and contingency within IA Plans to cater for the changing risk environment. There is formal approval of the plan by the board – in some cases internal audit is required to formulate a plan for approval that enables them to provide an annual opinion. This is understood and reflected in discussions and approval of the plan with Senior Management and the Board.</p>			
<b>Actual Evidence</b>	<p>The Audit Risk Assessment identifies the whole of the audit universe. IA risk assess each area and identify those audits that are high on the risk assessment for audit in the following financial year. These areas are discussed with members of CMT who have input into the audit plan by identifying areas they see as a risk/require audit input. Both the strategic risk register and operational risk registers are taken into account when identifying the planned audits and the approach to be taken.</p>			
	<p>Where risk registers are not of the required standards, Internal Audit work with the relevant managers to improve the risk registers which are then used to test the controls in place to control those risks.</p>			


	The audit plan has contingency days in place for unplanned work and the changing risk environment			
<b>Latest Note</b>				
PSIAS_2020	Communication and Approval			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	The CAE communicates progress against the annual plan, including significant changes, to senior management and the board. The board monitor progress against plans. IA explain and justify deviations from the plan and the use of contingency time.			
<b>Actual Evidence</b>	The Internal Audit is approved by the Corporate Management Team and the Audit & Governance Committee. Significant changes to the audit plan, resource requirements and the resource limitations will be reported to the Audit & Governance Committee. The impact of resource limitations will be reported to CMT and the Audit & Governance Committee.			
<b>Latest Note</b>				
PSIAS_2030	Resource Management			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	The level of resources included in the plan is determined by the management assurances and risks on which the board require objective assurance and consultancy – a needs assessment. The CAE has communicated to senior management and the board the impact of resource limitations. Staffing plans and financial budgets are determined from annual IA plans and activities. The CAE allocates internal engagements according to the competency levels and training plans of staff – refer back to the section of proficiency			
<b>Actual Evidence</b>	The resources in place take into account the audit days available. The timings of the audits are discussed with management at the audit plan planning stage. Should the resource levels reduce on a temporary basis due to sickness etc. the business continuity plan allows for additional resources to be purchased as required. Staff are allocated audits according to competency. Shadowing and training on audits is also completed.			
<b>Latest Note</b>				




PSIAS_2040	Policies and Procedures			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	There are appropriate policies and procedures, which are communicated to and understood by the staff of the internal audit activity. Internal auditors understand what is expected of them and the procedures recognise and apply the requirements of the IPPF Managers and the QAIP examine the application of policies and procedures – there is evidence to support supervision and quality management. Internal auditors meet to discuss the application of policies and procedures – with agreed actions.			
<b>Actual Evidence</b>	There is an Audit Manual in place which has been reviewed and updated to reflect the PSIAS. Documented procedures for the use of the covalent system have been drafted and will be reviewed and attached to the audit manual. The audit manual and procedures will be updated on at least an annual basis.			
<b>Latest Note</b>				
03-Feb-2014	Audit manual in place			
PSIAS_2050	Coordination			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	IA work is coordinated with that of the external auditors and with other internal providers of assurance and consulting services. This might include regular meetings, documented agreements, coordinated plans, sharing resources, training arrangements. In some cases IA may be required to assess the reliability of the work of other assurance providers. This is established in the Internal Audit Charter and factored into the IA Plans.			
<b>Actual Evidence</b>	Internal Audit meet with the External Auditors on a quarterly basis in accordance with the internal audit - external audit protocol. Other assurance sources are identified and will be recorded on the audit hub. The assurance mapping exercise will take into account the risk registers in place and the gross and net risks. If any other providers of assurance and consulting services are identified, internal audit will share information and coordinate activities.			
<b>Latest Note</b>				
PSIAS_2060	Reporting to Senior Management and the Board			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>


		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is evidence that the CAE reports appropriately to the Board and Senior Management on Internal Audit activities and performance. This might include:</p> <ul style="list-style-type: none"> <li>· Board minutes.</li> <li>· CAE presentation to board.</li> <li>· Activity reports.</li> <li>· Interviews, management reports, reports on meetings.</li> <li>· Senior management's responses to internal audit reports.</li> <li>· Tangible evidence (e-mail records, internal memos, reports on meetings, etc.) demonstrating that the board had been informed. Status of action plans.</li> </ul>			
<b>Actual Evidence</b>	<p>The Head of Internal Audit Services reports quarterly to the Audit &amp; Governance Committee regarding progress against the plan. KPI's are also reported quarterly to the Committee.                  The Head of Internal Audit meets on a regular basis with the s151 Officer. The HIAS also meets with the Chief Executive.                  The fraud risk register is updated quarterly and reported to the Committee. The corporate risk register is updated on a quarterly basis and reported to the Audit &amp; Governance Committee.                  Where audit issues identified are of a corporate nature, these are reported to CMT. For each finalised audit report, the Chief Executive, s151 Officer and the Monitoring Officer each receive a copy of the executive summary and the detailed findings if required.</p>			
<b>Latest Note</b>				


**2070 External Service Provider and Organisational Responsibility for Internal Audit**


PSIAS_2070	External Service Provider and Organisational Responsibility for Internal Audit			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>While IA may be outsourced to a provider of internal audit the organisation retains responsibility for its effectiveness. Responsibility for IA will be assigned to a suitably experience manager who takes ownership for the performance and effectiveness of IA. Quality control will be demonstrated through the QA&amp;IP with both internal and external assessments.</p>			
<b>Actual Evidence</b>	Provided internally			
<b>Latest Note</b>				

**2100 - 2130 Nature of Work**


PSIAS_2100	Nature of Work			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	Sum of <i>Standards</i> 2110 – 2130 A significant part of internal audit’s assurance role in relation to governance relates to the effectiveness of risk management – refer to the next section 2120			
<b>Actual Evidence</b>				
<b>Latest Note</b>				

PSIAS_2110	Governance			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>IA reviews the activities in place that manage and monitor the effective implementation of the organisation’s;</p> <ul style="list-style-type: none"> <li>· Ethics and values.</li> <li>· Codes of conduct.</li> <li>· Levels of authority and responsibility.</li> <li>· Strategic objectives.</li> <li>· Compliance with laws and regulations.</li> <li>· Communication with stakeholders.</li> <li>· Social and ethical objectives, including validation of reported results.</li> <li>· IT governance, including information security.</li> </ul> <p>Internal audit’s consultancy engagements support the improvement of the organisations governance framework, including the boards self assessment of performance, benchmarking and development of best practice based upon published reports such as the Combined Code.</p>			
<b>Actual Evidence</b>	<p>Internal Audit promote counter fraud, whistleblowing and risk management and any other areas around ethics and values they come across. Performance management and accountability is also promoted. Where other audit/inspection is completed, this is noted to avoid duplication . Where weaknesses are identified, recommendations for improvement are made.</p> <p>the Internal Audit plan is risk based, and as such takes into account the corporate risk to the authority as well as the corporate objectives. Areas identified for review in the audit planning process include ethical, performance management and accountability areas. In addition, where risk and control issues are identified and they apply to other areas of the authority, this will be communicated across the relevant/all areas.</p>			




<b>Latest Note</b>				
PSIAS_2120	Risk Management			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>Internal Audit's Role with regard to risk management is set out in the Internal Audit Charter. IA's role with regard to risk management will vary according to the level of risk maturity within the organisation. Where risk management is well established (risk managed or risk enabled) IA provide assurance upon:</p> <ul style="list-style-type: none"> <li>· The effective implementation of risk management processes in relation to strategic and operational objectives.</li> <li>· Reliable identification and assessment of risks with appropriate response.</li> <li>· The reporting of risk and control status by management.</li> <li>· The level of residual risk in relation to the organisations' risk appetite.</li> <li>· The effectiveness of the controls and other responses to risks.</li> </ul> <p>The IA activity gathers the information to support an assessment of risk management during multiple engagements. The results of these engagements, when viewed together, provide an understanding of the organisation's risk management and its effectiveness. Alternatively, IA may assess risk management processes as one single engagement. Where risk management is less developed (risk naive, aware or defined) internal audit operate in a more advisory capacity to:</p> <ul style="list-style-type: none"> <li>· Report upon the level of risk maturity and scope for improvement.</li> <li>· Support development of risk management framework.</li> <li>· Facilitate identification and assessment of risks.</li> <li>· Coach management in responding to risks.</li> </ul> <p>Coordinate and consolidate reporting.          IA refrains from taking full responsibility for risk management, including risk responses.          IA carry out individual risk based engagements to provide assurance on part of the risk management framework, including on the mitigation of individual or groups of risks.          IA evaluate the potential occurrence for fraud as part of audit engagements – included within objectives and referred to in communications at the end of the audit engagement.</p>			
<b>Actual Evidence</b>	<p>Internal Audit's role with regard to Risk Management is set out in the Internal Audit Charter. Internal Audit have responsibility for risk management - due to the size of the authority and the close links with internal audit. A corporate risk register is in place which is owned by CMT and reviewed at least quarterly. Fraud risks are identified on a fraud risk register and reported quarterly to the Audit &amp; Governance Committee. Where possible, audits are centred around the risks identified by management and the controls they have in place to mitigate those risks. At the start of the audit process, a meeting with management is held to identify any significant risks</p>			
<b>Latest Note</b>				
PSIAS_2130	Control			




<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>IA engagements consider the efficiency of controls used to mitigate risks - whether there are too many or too few controls, which evaluates the cost of control in relation to the impact and likelihood of the risk.          IA work programmes focus on high priority risks and adequately tests controls to ensure their effectiveness – there is a recognised approach to ensure sufficient sample sizes are taken and tested.          IA verify, where appropriate:</p> <ul style="list-style-type: none"> <li>· The application and effectiveness of risk management procedures.</li> <li>· Management assurances on controls, including the results of self assessments.</li> <li>· KPIs are accurate, timely, relevant and reliable.</li> </ul> <p>Reporting requirement are operating as planned Internal auditors support management upon the design of controls at appropriate points in the development of major change programmes – examples would include implementation of new computer systems, building and supply contracts.</p>			
<b>Actual Evidence</b>	<p>The corporate risk register reflects the risks associated with achieving the Authority's vision and priorities. The main financial systems are audited on an annual basis - a full audit is completed every 3 years and the key controls are audited annually.          Internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes.</p>			
<b>Latest Note</b>				







**2200 - 2240 Engagement Planning**

PSIAS_2201	Planning Considerations			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>Procedure exists within the IA activity that requires internal auditors to research, scope and plan internal audit engagements – assurance and consultancy.          Internal auditors document the following as part of their research and discussions with managers</p> <ul style="list-style-type: none"> <li>· The nature of the area under review and key areas of change and development</li> <li>· The activities that occur and the way performance is monitored.</li> <li>· Strategic objectives and the way the area contributes to the organisation's strategy or purpose.</li> <li>· The risks involved and the organisation's chosen responses to those risks.</li> <li>· How managers know the responses are effective.</li> <li>· Assurances managers give to whom and how often.</li> </ul>			

	<p>The preparation for audit engagements leads to the documentation of objectives that are agreed with senior management and where appropriate clients outside the organisation. Options include:</p> <ul style="list-style-type: none"> <li>· Assurance that management assurance is effective and, therefore, reliable.</li> <li>· Assurance that specific responses, including controls, are effective in managing given risks. Consultancy to help managers improve the design or implementation of governance processes, risk processes and risk responses, including controls. Documentation of the objectives and scope of consultancy engagements. This could include engagement letters, terms of reference and any other form of agreement that documents the responsibilities of the internal audit activity in a consultancy engagement.</li> </ul>
<b>Actual Evidence</b>	<p>Details of the scope and its limitations are discussed with management at the pre-meeting. A pre audit brief is prepared prior to the meeting detailing scope and objectives. Timing of the audit is discussed with management. Audit days are recorded on the audit file as detailed within the audit plan. A pre-meeting questionnaire has been devised to take into account the areas to be considered prior to setting the audit objectives. this is to be issued to management before the pre-meeting in order to inform the audit</p>
<b>Latest Note</b>	


PSIAS_2210	Engagement Objectives							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>In establishing objectives for assurance engagements the internal auditor considers:</p> <ul style="list-style-type: none"> <li>· The significant risks to the activity, its objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.</li> <li>· The adequacy and effectiveness of the activity's risk management and control systems compared to a relevant control framework or model.</li> <li>· The opportunities for making significant improvements to the activity's risk management and control systems. For consultancy engagements the objectives reflect the expectation of managers and relate to aspects of governance, risk management and control</li> </ul>							
<b>Actual Evidence</b>	See 2201 - as part of the scoping exercise							
<b>Latest Note</b>								


PSIAS_2220	Engagement Scope							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	The engagement scope is consistent with the audit objectives. In practice this means agreeing and documenting:							

	<ul style="list-style-type: none"> <li>· The extent of the audit - understanding what will and won't be looked at.</li> <li>· The nature of assurance to be provided or focus of the consulting work to be done, including timing and key stages.</li> <li>· Defining the people, systems, procedures, files and records that will form the audit engagement.</li> <li>· Defining the depth of the review, such as the period under review or any special conditions. The scope of consultancy engagements has reference to aspects of governance, risk management and control as per the definition of IA.</li> </ul>							
<b>Actual Evidence</b>	The extent of the audit is agreed at the pre meet prior to the commencement of the audit. Where a significant consultancy exercise is to be completed which has arisen during the audit, the consultancy exercise will be treated as a separate piece of work with its own scope and objectives.							
<b>Latest Note</b>								
PSIAS_2230	Engagement Resource Allocation							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	Evidence of appropriate evaluation of how audit engagements are resourced based on the nature and complexity of the engagement, time constraints, and available resources. This would include the rational for using resources outside the IA activity based on the levels of competency required.							
<b>Actual Evidence</b>	The resources are allocated at the audit planning stage. External resources are used to deliver IT audits in areas where specialist knowledge is required.							
<b>Latest Note</b>								
PSIAS_2240	Engagement Work Programme							
<b>Assigned To</b>	Angela Struthers	<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>Yes</td> <td></td> </tr> </tbody> </table>		Value	Status	2013/14	Yes	
	Value	Status						
2013/14	Yes							
<b>Examples of Evidence</b>	<p>The internal auditor has developed a programme of work outlining the resources and procedures needed to achieve the audit objectives. This might include:</p> <ul style="list-style-type: none"> <li>· Timetables and project plans.</li> <li>· Preparation of audit programmes and checklists.</li> <li>· Interview and testing schedules.</li> </ul> <p>For consultation work the planning and, documentation of activities is tailored according to the nature of the engagement. The one-off nature of such engagement may require detailed project plans and timetables. The engagement programme of work and any subsequent</p>							



	programme adjustments are approved by the CAE or designee.
<b>Actual Evidence</b>	The scope and objectives are documented on the pre audit brief. Work programmes are noted on the detailed working papers which describe clearly how and why samples were selected for testing.
<b>Latest Note</b>	


**2300 - 2340 Performing the Engagement**

PSIAS_2300	Performing the Engagement			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	Information can be data or documents that internal auditors use, document or create to support and fulfil their audit engagements. Information is retained in some form of filing or storage system to support conclusions and opinions – hardcopy or electronic versions are acceptable.			
<b>Actual Evidence</b>	Electronic working papers are completed and evidence to support the findings is electronically attached to the file.			
<b>Latest Note</b>				


PSIAS_2310	Identifying Information			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	The internal auditor plans what information they may need, where that information could be obtained from and whether that information is sufficient, reliable, relevant, and timely. The working files/papers for the audit engagement contain information that shows how activities and processes are designed and how they are meant to work. Information is obtained from information systems about the way processing operates – options include reporting tools, exception reports and CAATTs. Information also includes observations, interviews and results of audit testing.			
<b>Actual Evidence</b>	Working papers contain sufficient, relevant and reliable information to inform the conclusion of the testing. the narrative of the system is contained within the individual working papers			




<b>Latest Note</b>			
PSIAS_2320	Analysis and Evaluation		
<b>Assigned To</b>	Angela Struthers		
		2013/14	Value Yes
			Status 
<b>Examples of Evidence</b>	Audit conclusions and engagement results are based on the information that has been gathered during the audit engagement. There is evidence that the information has been analysed and evaluations discussed with managers. .		
<b>Actual Evidence</b>	Conclusions are based on the evidence gathered and testing of transactions etc. Any value for money issues are highlighted and reported in the executive briefing		
<b>Latest Note</b>			
PSIAS_2330	Documenting Information		
<b>Assigned To</b>	Angela Struthers		
		2013/14	Value Yes
			Status 
<b>Examples of Evidence</b>	Sufficient information is documented to support the conclusions and audit opinions. Work files/papers have controlled access according to the policy of the organisation. A policy and procedure exists relating to information archiving and retrieval. There is evidence that CAE obtains appropriate approvals prior to releasing records.		
<b>Actual Evidence</b>	Working papers contain sufficient and relevant information to support the conclusions made. All working papers are sufficiently complete. All records relating to the audit are stored electronically on the Covalent audit hub. Some documents may be stored on the s drive. Documents are retained for the at least the last audit. Access to the audit hub is restricted via access controls. Documents stored on the "s drive" have restricted access to Internal Audit. Records will only be released to external parties with the approval of Senior Management.		
<b>Latest Note</b>			
PSIAS_2340	Engagement Supervision		
<b>Assigned To</b>	Angela Struthers		
			Value
			Status


		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is an organisational and reporting structure within the internal audit activity that provides the basis for supervision. Job descriptions document supervisory requirements. Policies and procedures describe how supervision is supposed to be applied – this incorporates review of work in progress, amendment or corrective actions, follow-up and approval. IA files/working papers and reports illustrate how supervision works in practice. The results of supervision are incorporated into the QAIP and staff appraisal assessments – and where appropriate training and development plans.</p>			
<b>Actual Evidence</b>	All audits are supervised and all working papers and reports are checked by a senior member of staff and noted and the audit file			
<b>Latest Note</b>				




**2400 - 2440 Communicating Results**

PSIAS_2410	Criteria for Communicating			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is evidence of appropriate, timely communication with management throughout the audit engagement. This begins with discussions to research and scope an audit, leading to agreement upon objectives. Communication with managers also occurs as the audit engagement proceeds - discussing and analysing information. Close –out meetings that provide the basis for exchange views about conclusions, opinions and possible recommendations for improvement. An overall opinion or conclusion is included within audit communications in line with the stakeholder expectations and the original objectives of the audit engagement. Opinions are given according to the level, scope and detail agreed with senior management and the audit committee. Opinions at the engagement level may be ratings, conclusions or other descriptions of the results. Satisfactory performance is acknowledged in engagement communications. Communications outside the organisation are limited in distribution and use of results. There is evidence of progress and results on consulting engagements that is reasonable to the engagement.</p>			
<b>Actual Evidence</b>	<p>A Prelim Audit Assessment is sent to the relevant officer prior to the pre-meeting. This is so the officer can identify the contribution the audited area makes to the vision and priorities of the authority, the number of staff involved in the activity, significant risks, risk treatment measures in place, identified opportunities to improve governance in the area under review and any assurance provided to others on the area. This is used to inform the discussions at the pre audit meeting where the scope and objectives of the audit are agreed. Prior to the issue of the draft report, issues identified and agreed management actions are discussed at the debrief meeting. The results of the engagement are communicated through the issue of a report. This details the overall opinion on the system, the scope and objectives, findings, recommendations and managements responses the recommendations made with implementation dates. This is</p>			

	issued to the relevant manager for agreement and then issued to the relevant director for agreement. The finalised executive brief report is issued to the S151 Officer, the Chief Executive and the Monitoring Officer. Recommendations are categorised according to priority. Recommendations not agreed are recorded in the audit report with the priority highlighted. All material factors are contained in the audit report. Results of all audits feed into the overall annual opinion. The Executive Brief Report contains the overall assurance placed on the system and is issued even where no recommendations are made.
<b>Latest Note</b>	


PSIAS_2420	Qualities of Communications			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	<p>There is a record of the timeline for the communication of results that spans the completion of the audit engagement through to communication with the board.</p> <p>There is a procedure that ensures discussions with managers between the close of the audit engagement and the delivery of communications are performed promptly.</p> <p>There is evidence to show IA communications are delivered in a timely manner and within the timeframe and level of resource set at the start of the audit engagement.</p> <p>Communications cover the full scope of the audit engagement.</p> <p>The form and style of communications has been discussed and agreed with senior management and the board including the method of communications, format, and any grading of opinions and recommendations.</p> <p>There is evidence of review and approval of communications prior to their release to ensure accuracy and objectivity.</p> <p>Communications are clear and concise.</p>			
<b>Actual Evidence</b>	Reporting timescales are agreed at the start of the audit. Auditors complete the debrief meeting and update the system with the responses and agreed management actions. The report is issued the same day or the next working day. The grade of recommendations has been agreed and is communicated with management at the start of the audit as it forms part of the pre audit brief. Details of the reporting timeline are recorded on the audit file			
<b>Latest Note</b>				

PSIAS_2421	Errors and Omissions			
<b>Assigned To</b>	Angela Struthers		<b>Value</b>	<b>Status</b>
		2013/14	Yes	
<b>Examples of Evidence</b>	Where appropriate, there is communication of corrected information to all parties.			


<b>Actual Evidence</b>	Any corrected information is communicated to all parties		
<b>Latest Note</b>			
PSIAS_2430	Use of "Conducted in Conformance with the ISPPIA"		
<b>Assigned To</b>	Angela Struthers	2013/14	Value Yes Status 
<b>Examples of Evidence</b>	Internal and external assessments support any statements that are made inside and outside the organisation. Senior management and the board are aware of and agree such statements. .		
<b>Actual Evidence</b>	Will only state conform with standards whens standards are fully met.		
<b>Latest Note</b>			
07-Mar-2014	Now fully compliant - this statement will be used		
PSIAS_2431	Engagement Disclosure of Non-conformance		
<b>Assigned To</b>	Angela Struthers	2013/14	Value Yes Status 
<b>Examples of Evidence</b>	Where appropriate, communication of results discloses non-conformance with the IPPF. The nature of the non-conformance is discussed and reviewed with senior management and the board with a record of any agreed action.		
<b>Actual Evidence</b>	Any non conformance will be identified and an agreed action plan put in place		
<b>Latest Note</b>			
PSIAS_2440	Disseminating Results		
<b>Assigned To</b>	Angela Struthers	2013/14	Value Yes Status 
<b>Examples of Evidence</b>	All audit communications are reviewed and approved by the CAE.		

	<p>Audit communications are provided to an appropriate level of senior management and distributed according to the agreed protocol of the organisation.</p> <p>When an overall opinion is issued (perhaps in support of a statement on internal control), it covers an appropriate time period and addresses the expectations as agreed with the board, senior management and other stakeholders.</p> <p>The opinion is supported by sufficient, reliable, relevant and accurate information.</p> <p>If applicable, the CAE is properly consulted and has considered the risks of disclosure outside the organisation. Consulting engagement reports are distributed appropriately, as established at the start of the audit engagement.</p>
<b>Actual Evidence</b>	<p>The circulation of reports has been determined and is notified at the pre audit brief. Copies of executive brief reports are circulated to the Chief Executive, s151 Officer and the Monitoring Officer. Internal audit reports are not released outside of the organisation unless a freedom of information request is received. Steps are taken to ensure that only relevant information is released via the Information Security Manager.</p> <p>Any issues discovered during consultancy engagements are reported in the same manner as those discovered through an audit</p>
<b>Latest Note</b>	

**2450 Overall Opinions**


PSIAS_2450	Overall Opinions		
<b>Assigned To</b>	Angela Struthers		
		<b>Value</b>	<b>Status</b>
		2013/14	Yes 
<b>Examples of Evidence</b>	<p>The annual opinion is delivered on time and in accordance with the expectations of senior management and the audit committee. The work completed in the annual internal audit plan is consistent with the opinion requirements.</p> <p>The opinion where appropriate takes into account the reliability of other assurance providers. There is a methodology and process in place to evaluate the cumulative results of audit assignments and audit findings to express such an opinion.</p>		
<b>Actual Evidence</b>	will comply when annual opinion given		
<b>Latest Note</b>			
07-Mar-2014	Annual opinion will be reported to the June 2014 Committee meeting		

**2500 Monitoirng Progress**

PSIAS_2500	Monitoring Progress		
<b>Assigned To</b>	Angela Struthers		
		<b>Value</b>	<b>Status</b>
		2013/14	Yes 

<b>Examples of Evidence</b>	The CAE has established a follow-up process to monitor and ensure that management actions have been effectively implemented or risk accepted. Records of follow-up meeting and discussions. There is a process that require internal audit to confirm the implementation of actions by management in relation to high priority, high importance areas.
<b>Actual Evidence</b>	A follow up process is completed 6 months after the issue of the final report. Progress on the implementation of audit recommendations is reported to management and the Audit & Governance Committee. A revised opinion is given at implementation review. Each month, Directors are sent a report of outstanding recommendations that are overdue. The overall opinion informs the risk based audit planning process. Recommendations arising from consultancy work are followed up in the same way.
<b>Latest Note</b>	

**2600 Resolution of Senior management's Acceptance of Risks**

PSIAS_2600	Resolution of Senior Managements Acceptance of Risk			
<b>Assigned To</b>	Angela Struthers		Value	Status
		2013/14	Yes	
<b>Examples of Evidence</b>	Decisions regarding residual risk that are not resolved are reported by the CAE to the board for resolution. The subsequent resolution/disposition of such residual risk issues is appropriately documented.			
<b>Actual Evidence</b>	The Head of Internal Audit will escalate the issue with senior management and then if not resolved, with the Audit & Governance Committee.			
<b>Latest Note</b>				