

## External Quality Assessment 2

### Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note

#### How to use this checklist

This checklist has been developed to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic internal assessments and (at a minimum) quinquennial external assessments as part of the Quality Assurance and Improvement Programme. It incorporates the requirements of the PSIAS as well as the Local Government Application Note in order to ensure a comprehensive assessment of conformance.

The checklist, which contains a Contents Page and Summary of Assessment, is split into 5 main sections: Section A – Mission of Internal Audit, Section B - Definition of Internal Auditing, Section C – Code of Ethics, Section D – Attribute Standards, and Section E – Performance Standards. As the assessment of Sections A, B and C are dependent on the outcome of the assessments of Sections D and E, they should be completed at the end of the assessment process.

Where appropriate, each test on the checklist provides suggested evidence that might be of use to support the self-assessment and the external validation exercise. This should be updated to reflect actual evidence available. Where the assessment area is referred to in the Stakeholder Questionnaire, a  has been added to the header bar. The ssessment team is required to apply judgment when considering the level of evidence provided to support the area being assessed. The assessment column should be used to document notes on the evidence relied upon and the assessment outcomes. Any identified good practice points or areas for improvement should be recorded within the relevant area(s) of the corresponding overall assessment section.

The assessment team is required to conclude whether, in overall terms, the internal audit activity being assessed fully conforms, generally conforms, partially conforms or does not conform for each assessment area. This should be recorded in the corresponding overall assessment section by clicking on the appropriate check box. Consideration of good practice points and areas for improvement identified, along with the narrative in the assessment column, should assist the assessment team with this exercise. Further guidance on these categories is provided in the External Quality Assessment Framework Guidance document. The areas requiring improvement should already feature in the Quality Improvement Plan for the internal audit activity being assessed. However, where this is found not to be the case, recommendations should be made as appropriate in the report.

Name of the Council being assessed:	Argyll and Bute Council
Name and title of the designated Chief Audit Executive:	Laurence Slavin
Date of internal / self-assessment:	August 2019
Name of the Committee responsible for audit matters:	Audit & Scrutiny Committee
Name of the Chair of the Committee responsible for audit matters:	Martin Caldwell
Name and designation of the administrative reporting line for the Chief Audit Executive:	Kirsty Flanagan (Head of Financial Services)

Name, designation and Council of the assessment team lead:	N/A - external assessment was carried out in 2018. This is the 2019 self-assessment
Date of External Quality Assessment:	External assessment reported to A&SC in September 2018

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Reference	Page	Assessment Area	Fully Conforms	Generally Conforms	Partially Conforms	Does Not Conform
<u>Section A</u>	1	<b>Mission of Internal Audit</b>				
<u>Section B</u>	2	<b>Definition of Internal Auditing</b>				
<u>Section C</u>	3	<b>Code of Ethics</b>				
<u>Section D</u>	5	<b>Attribute Standards</b>				
<u>1000</u>	5	<b>Purpose, Authority and Responsibility</b>				
<u>1100</u>	7	<b>Independence and Objectivity</b>				
<u>1200</u>	11	<b>Proficiency and Due Professional Care</b>				
<u>1300</u>	13	<b>Quality Assurance and Improvement Programme</b>				
<u>Section E</u>	15	<b>Performance Standards</b>				
<u>2000</u>	15	<b>Managing the Internal Audit Activity</b>				
<u>2100</u>	19	<b>Nature of Work</b>				
<u>2200</u>	21	<b>Engagement Planning</b>				
<u>2300</u>	23	<b>Performing the Engagement</b>				

<u>2400</u>	<b>25</b>	Communicating Results				
<u>2500</u>	<b>28</b>	Monitoring Progress				
<u>2600</u>	<b>29</b>	Communicating the Acceptance of Risks				

## Section A - Mission of Internal Audit

There are key areas within the standards that contribute towards the assessment of whether or not the Mission of Internal Audit is in line with the PSIAS. Principally, these are Attribute Standards 1000 - Purpose, Authority and Responsibility and 1100 - Independence and Objectivity, and Professional Standard 2000 - Managing the Internal Audit Activity.

Test(s)		Evidence	Assessment
A.1	<p><b>Mission of Internal Audit</b></p> <p>Using evidence gained from assessing conformance with other Standards conclude as to whether the internal audit activity's mission is consistent with the Mission of Internal Audit in the PSIAS as follows, is clearly communicated and utilised to influence working practices and procedures so that it is ultimately achieved:</p> <p><b><i>"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight."</i></b></p>	Through completion of this self-assessment the CIA is content that the internal audit service, and the work they carry out, is consistent with their mission, as set out in the IA Charter, which reflects the Mission of Internal Audit set out in PSIAS.	Satisfactory

### Overall Assessment - Mission of Internal Audit

#### Good Practice Points

#### Areas for Improvement

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Fully Conforms	<input checked="" type="checkbox"/>	Generally Conforms	<input type="checkbox"/>	Partially Conforms	<input type="checkbox"/>	Does Not Conform	<input type="checkbox"/>
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## Section B - Definition of Internal Auditing

There are key areas within the standards that contribute towards the assessment of whether or not the Internal Audit activity meets the definition of Internal Auditing. Principally, these are Attribute Standards 1000 - Purpose, Authority and Responsibility and 1100 - Independence and Objectivity, and Professional Standard 2000 - Managing the Internal Audit Activity.

Test(s)		Evidence	Assessment
B.1	<p><b>Definition of Internal Auditing</b></p> <p>Using evidence gained from assessing conformance with other Standards conclude as to whether the internal audit activity complies with the definition of internal auditing as follows:</p> <p><b><i>“...an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”</i></b></p>	<p>Through completion of this self-assessment the CIA is content that internal audit is an independent and objective service which adds value to the Council and makes a positive contribution to the effectiveness of risk management, control and governance processes.”</p>	Satisfactory

### Overall Assessment - Definition of Internal Auditing

#### Good Practice Points

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#### Areas for Improvement

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Fully Conforms  Generally Conforms  Partially Conforms  Does Not Conform

Section C - Code of Ethics			
<p>There are key areas within the standards that contribute towards the assessment of whether or not individual auditors comply with the Code of Ethics. Principally, these are Attribute Standards 1000 - Purpose, Authority and Responsibility, 1100 - Independence and Objectivity, 1200 - Proficiency and Due Professional Care, and Professional Standards 2000 - Managing the Internal Audit Activity and 2300 - Performing the Engagement.</p>			
Test(s)		Evidence	Assessment
C.1	<b>Integrity</b> Using evidence gained from assessing conformance with other Standards, are internal auditors adequately supported by the organisation and Internal Audit management to perform their work with honesty, diligence and responsibility.	All bar one of the IA team are members of professional bodies (three qualified, one in training) and therefore signed up to relevant professional bodies individual Code Of Ethics. All IA team members signed up to the Council's employee code of conduct which includes 'The Seven Principles of Public life' as identified by the Nolan Committee. The IA Charter confirms that Internal Audit will adhere to PSIAS, which are based on the Chartered Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. In the twelve months in post the CIA has not identified any concerns about the manner in which the team carry out their work and the support offered to them by the wider organisation.	Satisfactory
C.2	<b>Objectivity</b> Using evidence gained from assessing conformance with other Standards, are internal auditors adequately supported by the organisation and Internal Audit management to perform their work objectively.	The IA charter sets out that the requirement for objectivity in the performance of IA work. The CIA has no concerns about the objectivity of the team and the way in which they conduct their work. Any potential conflicts of interest are openly discussed and preventative measures taken (for example team has family members working for the council). Each team member has completed a 'Fit and proper' form through which they self-assess their compliance with ethical principles and relevant Argyll and Bute Council policies. Furthermore each team member completed a register of interest in which they list all organisations, personal relationships, business connections or any other circumstances that may influence directly or indirectly their contribution and involvement in or participation during the audit process, which may affect their impartiality.	Satisfactory
C.3	<b>Confidentiality</b> Using evidence gained from assessing conformance with other Standards, are internal auditors adequately supported by the organisation and Internal Audit management to respect the confidentiality of the information they acquire in the performance of their work objectively.	<p>The IA Charter confirms that Internal Audit will adhere to PSIAS, which are based on the Chartered Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. The requirement for appropriate confidentiality is also set out in the Council's employee code of conduct</p> <p>The audit working papers are stored on a secure server and a sharepoint site, access to which is appropriately restricted. The team are conscious of the need for them to treat the information and data with due caution.</p>	Satisfactory
C.4	<b>Competency</b> Using evidence gained from assessing conformance with other Standards, are internal auditors adequately supported by the	<p>The Internal Audit Team participates in the Council's Personal Development Review (PRD) programme.</p> <p>There are six members of the team (5 FTE), two are CIPFA qualified, one CIMA qualified, one doing CIPFA training and one in IIA training. The CIA has a background in both financial and IT audit in both public and private sector. The team has following audit experience.</p>	Satisfactory

	<p>organisation and Internal Audit management to apply the required knowledge, skills and experience in the performance of their work.</p> <p>CIA – 22 years Auditor – 8 years Accountant – 3 years Senior Audit Assistant – 21 years Audit Assistant - 2 years</p> <p>Internal/informal training also to be carried out via IA team development days to review work practices, programmes etc. Agendas will be set on a 'needs' basis. This was established in 2018 and has been further developed in 2019 to introduce the development of the team's understanding and knowledge of Council services as well as audit practices.</p>		
C.5	<p><b>Nolan Principles</b> Using evidence gained from assessing conformance with other Standards, are internal auditors adequately supported by the organisation and Internal Audit management to have regard to the Standards of Public Life's Seven Principles of Public Life (not already specifically mentioned above)?</p>	<p>All IA team members signed up to the Council's employee code of conduct which includes 'The Seven Principles of Public life' as identified by the Nolan Committee. This is further set out in the IA Charter . The need to comply with a code of ethics is further established in the IA Manual. Each team member has completed a 'Fit and proper' form through which they self-assess their compliance with ethical principles and relevant Argyll and Bute Council policies. The CIA has no concerns regarding the IA team's compliance with these standards or with the support provided to them by the Council to ensure they are embedded within the culture of the team.</p>	Satisfactory

#### Overall Assessment – Code of Ethics

##### Good Practice Points

- Annual Fit and Proper Forms Completed
- Conflict of Interest Register in Place
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##### Areas for Improvement

- N/A
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Fully Conforms



Generally Conforms



Partially Conforms



Does Not Conform



## Section D - Attribute Standards

**1000 - Purpose, Authority and Responsibility** – The standard sets out that the purpose, authority and responsibility of the internal audit activity must be defined in an Internal Audit Charter. It should define the nature of assurance services and consulting activities as well as internal audit's position in the organisation and relationships between the Chief Audit Executive and the Board.

Test(s)	Evidence	Assessment
1000.1 <b>Purpose, Authority and Responsibility</b> Obtain a copy of the Internal Audit Charter and confirm it contains the/a: <ul style="list-style-type: none"><li>• Mission of Internal Audit</li><li>• definition of the purpose, authority and responsibility of internal audit</li><li>• definition of the terms 'Board' and 'senior management', for the purposes of internal audit</li><li>• internal audit's position within the organisation</li><li>• CAE's functional reporting relationship with the Board</li><li>• accountability, reporting line and relationship between the CAE and those to whom the CAE reports to administratively</li><li>• 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</li><li>• 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</li><li>• definition of the scope of internal audit activities</li><li>• recognition that internal audit's remit extends to the entire governance, risk management and control environment of the organisation</li><li>• organisational independence of internal audit</li><li>• arrangements for appropriate resourcing</li><li>• definition of the role of internal audit in any fraud-related work</li><li>• organisation's arrangements for anti-fraud and anti-corruption (including bribery)</li><li>• requirement for internal audit to be notified of all suspected or detected fraud, corruption or impropriety</li><li>• arrangements for avoiding conflicts of interest, if internal audit operationally undertakes non-audit activities</li><li>• definition of the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation</li><li>• definition of the nature of consulting services</li><li>• recognition of the mandatory nature of the PSIAs.</li></ul>	<p>IA Charter includes reference to all the bullet pointed areas with exception of the Statutory Officer roles which are identified in the Council Constitution rather than in the Internal Audit Charter.</p> <p>The Charter refers to the CIA not participating in the investigations of any alleged fraud however this was required during 2019 and it is necessary to update the Charter to reflect this role.</p> <p>The Charter also needs updating to reflect changes in the titles of key officers which were brought in as part of the Council's restructure in the summer of 2019 and to reference the introduction of a register of interest for all IA team members.</p> <p>It was noted that the reference to consulting services doesn't strictly define the nature of them as per the bullet point rather it sets out what needs to be considered when assessing possible consulting engagements. This is considered acceptable as it isn't possible to provide a strict definition of the nature of a consulting assignment.</p>	<p>The Charter requires to be updated to</p> <ol style="list-style-type: none"><li>1. reflect change of title of the Council's S95 Officer and executive directors (title changed in summer of 2019)</li><li>2. amend the CIA's role in relation to investigating alleged frauds</li><li>3. reference IA's register of interest which was introduced in the summer of 2019.</li></ol> <p>These changes will be done as part of the annual Charter update which will be reported to the A&amp;SC in March 2020</p>
1000.2 Confirm that the most recent Internal Audit Charter has been communicated to the Senior Management Team.	The IA Charter was approved by the Audit & Scrutiny Committee in June 2019. It is subject to	Satisfactory

		annual approval by the Committee.  All members of the SMT are circulated the Audit and Scrutiny Committee papers and they are also available via the council's intranet and external website.					
1000.3	Confirm that the most recent Internal Audit Charter has been approved by the Board.	The IA Charter was approved by the Audit & Scrutiny Committee in June 2019. It is subject to annual approval by the Committee.	Satisfactory				
1000.4	Confirm that the Internal Audit Charter has been reviewed by the CAE within the last 12 months.	The IA Charter was reviewed in April 2019 and approved by the Audit & Scrutiny Committee in June 2019	Satisfactory				
<b>Overall Assessment – 1000 – Purpose, Authority and Responsibility</b>							
<b>Good Practice Points</b> <ul style="list-style-type: none"> <li>Comprehensive IA Charter in place which is subject to annual review and A&amp;SC approval</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>		<b>Areas for Improvement</b> <ul style="list-style-type: none"> <li>IA Charter requires update to reflect new officer titles, new register of interest and CIA role investigating fraud</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>					
Fully Conforms	<input type="checkbox"/>	Generally Conforms	<input checked="" type="checkbox"/>	Partially Conforms	<input type="checkbox"/>	Does Not Conform	<input type="checkbox"/>

**1100 - Independence and Objectivity – The standard sets out the organisational and reporting lines expected to promote and preserve the organisational independence of the internal audit activity. It also sets out the arrangements expected to achieve individual objectivity and for dealing with potential and actual conflicts of interest.**

Test(s)		Evidence	Assessment
1100.1	<p><b>Organisational Independence</b></p> <p>Confirm that the CAE reports functionally and communicates / interacts directly with the Board. This is likely to be demonstrated by the CAE:</p> <ul style="list-style-type: none"> <li>• contributing to Audit Committee agendas</li> <li>• regularly attending Audit Committee meetings</li> <li>• presenting reports to the Audit Committee on the internal audit's performance relative to its Audit Plan and other matters</li> <li>• directly submitting reports to the Audit Committee.</li> </ul>	<p>CIA is actively involved in setting the Audit &amp; Scrutiny Committee agenda in conjunction with the Chair of the Committee. Committee work plan is a rolling document maintained by Committee clerks and the CIA can add items to it as deemed appropriate.</p> <p>CIA attends all Audit &amp; Scrutiny Committees.</p> <p>Standard agenda item for all Audit &amp; Scrutiny Committees is 'Internal Audit Summary of Activities' which provides a summary of IA work undertaken since previous committee, and audits to commence in next quarter.</p> <p>All IA reports are submitted by the CIA to the Audit &amp; Scrutiny Committee.</p>	Satisfactory
1100.2	<p>By reference to the Internal Audit Charter, responses to key stakeholder questionnaires and, where necessary, discussion with key stakeholders, confirm that reporting and management arrangements have been put in place which allows internal audit to fulfil its responsibilities and preserves the CAE's independence and objectivity. This is likely to be demonstrated by the:</p> <ul style="list-style-type: none"> <li>• CAE reporting operationally to an organisational level equal or higher to the corporate management team</li> <li>• CAE having direct and unrestricted access to Senior Management, the Board, the Chief Executive and the Chair of the Audit Committee</li> <li>• CAE regularly communicating with these key stakeholders</li> <li>• Board approving the risk based Audit Plan</li> <li>• Board approving internal audit's budget and resource plan</li> <li>• Board seeking assurance there are no significant threats to internal audit's independence such as inappropriate scope or resource limitations</li> <li>• CAE's position in the management structure carrying sufficient status to: <ul style="list-style-type: none"> <li>➤ reflect the influence they have on the control environment</li> <li>➤ ensure the Audit Plan, reports and action plans are discussed effectively with the Board</li> <li>➤ ensure they are able to provide credible constructive</li> </ul> </li> </ul>	<p>From an administrative perspective the CIA reports to the Head of Financial Services however there is also an unbroken line from the CIA to the Chief Executive and the Council (through the Audit and Scrutiny Committee). This is formally set out in the IA charter</p> <p>The CIA is free to attend the SMT and does so on a fortnightly basis. The CIA also has unrestricted access to all members of the SMT as and when deemed necessary.</p> <p>CIA is in regular contact with the Chair of the Audit &amp; Scrutiny Committee by e-mail, phone and face to face meetings.</p> <p>CIA is in contact with the other Audit &amp; Scrutiny Committee members mainly by e-mail due to geography (other than when attending the actual committee meetings) however there are no obstacles to meeting them in person and this has happened with the vice chair. The CIA is always happy to meet members of the A&amp;SC in person.</p> <p>The CIA is in regular contact with the Head of Strategic</p>	Satisfactory

	<p>challenge to senior management.</p>	<p>Finance (multiple times weekly by phone, e-mail and Link), attends the Financial Services Mgt team meetings (approximately every 6 weeks) chaired by the Head of Financial Services.</p> <p>A draft of the risk based audit plan is submitted to the Audit &amp; Scrutiny Committee in December with the final version presented to the March Committee for approval. The risk based audit plan details the required resource to deliver it. If required the CIA would identify any resource pressures to the Audit &amp; Scrutiny Committee via the Internal Audit Activity Summary report.</p> <p>The CIA provides assurance to the Audit &amp; Scrutiny Committee on an annual basis that there are no significant threats to internal audit's independence such as inappropriate scope or resource limitations</p> <p>Overall the CIA is of the view that his role provides appropriate influence over the council's control environment, allows him to discuss the audit plan and reports with the Audit &amp; Scrutiny Committee without interference and he has appropriate access to senior management and is given the opportunity to challenge constructively and without undue influence.</p>	
1100.3	Confirm that the CAE confirms to the Board, at least annually, that internal audit is organisationally independent.	The internal audit annual report (presented to the Audit & Scrutiny Committee in June) states that ' <i>internal audit is an independent and objective assurance function</i> ' and sets out the reporting responsibilities in relation to the Head of Financial Services , Chief Executive, the Audit & Scrutiny Committee and its Chair. It also specifically states that ' <i>I am pleased to confirm that Internal Audit operated throughout 2018/19 with no impairments or restrictions in scope or independence.</i> '	Satisfactory
1100.4	Confirm through discussion with key stakeholders, that the underlying principle of the CAE's independence is supported by appropriate organisational arrangements to prevent inappropriate influence by those subject to audit. This is likely to be demonstrated by: <ul style="list-style-type: none"> <li>• organisational wide HR policies and procedures for recruitment, discipline and performance appraisal</li> <li>• performance appraisals include feedback from at least the Chief</li> </ul>	The CIA participates in the Council performance review and development review (PRD). This is a meeting between the CIA and the Head of Financial Services, following this meeting the completed PRD form is sent to the Chief Executive for their review. As part of that process the CIA seeks feedback for the	Satisfactory

	<p>Executive and the Chair of the Board</p> <ul style="list-style-type: none"> <li>• performance appraisals are subject to independent scrutiny (most likely by the Chief Executive) and countersigned.</li> </ul>	<p>Chair of the Audit &amp; Scrutiny Committee which is provided in writing to the Head of Financial Services.</p>	
1100.5	<p><b>Individual Objectivity</b></p> <p>Review appropriate documentation to confirm that organisational arrangements are adequate to promote objectivity through the avoidance or declaration of actual or perceived conflicts of interest.</p>	<p>Each team member has completed a 'Fit and proper' form through which they self-assess their compliance with ethical principles and relevant Argyll and Bute Council policies. Furthermore each team member completed a register of interest in which they list all organisations, personal relationships, business connections or any other circumstances that may influence directly or indirectly their contribution and involvement in or participation during the audit process, which may affect their impartiality.</p> <p>There is sufficient capacity within the audit team to ensure that the allocation of work can take account of conflicts of interest. The main areas for this within the ABC team is performing audit work on areas where team's family members are operationally involved or where the team member may have had operational responsibility in a role before joining the IA team. All the team members are aware of the need to highlight potential conflicts and discuss them with the CIA. The CIA will form a judgement on the issue and this will be formally documented and kept as an audit document.</p> <p>The IA Charter sets out the need for Independence and Objectivity within IA.</p>	Satisfactory
1100.6	<p>Confirm through discussion with the CAE and a sample of team members, that adequate arrangements are in place to inform individual auditors of their responsibilities in relation to potential conflicts of interest and promote impartial and unbiased behaviours.</p>	<p>Refer to 1100.5</p>	Satisfactory
1100.7	<p>Confirm, through discussion, that individual auditors have been informed of key organisational policies which support the avoidance of conflicts of interest.</p> <p>Key policies are likely to include:</p>	<p>Each team member has completed a 'Fit and proper' form through which they self-assess their compliance with ethical principles and relevant Argyll and Bute Council policies. This specifically references</p>	Satisfactory

	<ul style="list-style-type: none"> <li>• employee national code of conduct</li> <li>• disciplinary policy</li> <li>• information security policy</li> <li>• data protection policy</li> <li>• gifts, gratuities and hospitality policy</li> <li>• whistleblowing policy</li> <li>• register of officers interests</li> <li>• anti-fraud policies</li> <li>• anti-bribery and corruption policies.</li> </ul>	Employee Code of Conduct Anti- Fraud Strategy Public Interest Disclosure (Whistleblowing) Policy Anti-Money Laundering Procedure Council Constitution IA register of interests Professional Standards	
1100.8	Confirm, through discussion, that individual internal auditors are aware that they must disclose all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice.	Audit team have been informed that there is a duty on us as internal audit to ensure all issues identified through our audit work are considered for reporting. It doesn't necessarily mean all issues will be reported as materiality will be considered as part of our internal review process however we need to document that judgement in our working papers. Team are regularly reminded that, where an issue identified in the working files is not reported in the audit report the justification for that must be recorded on the audit working papers.	Satisfactory
1100.9	<p><b>Impairment to Independence or Objectivity</b></p> <p>Ascertain whether the CAE has responsibility for other operational activities and confirm that any assurance engagements, of those operations, undertaken in the previous 12 months have been overseen by someone outside of the internal audit activity.</p>	<p>Two members of the team are currently job sharing with 50% of their time spent working in the wider finance team. Their responsibilities outside of internal audit are fully disclosed in the IA register of interests.</p> <p>The CIA does play a role in relation to risk management however responsibility for risk management is retained by management, not by internal audit. Internal Audit is not responsible for developing, monitoring or updating the Council's Risk Registers. This is clearly defined in para 13 of the IA Charter.</p>	Satisfactory
1100.10	Confirm, through discussion with the CAE and individual team members that, for the previous 12 months, individual auditors appointed to the team (including return from secondment) have not had responsibility for undertaking assignments in relation to the specific operations for which they have previously been responsible.	There has been one appointment in the previous 12 months. A new trainee auditor who previously worked for the Council as a compliance officer in relation to LEADER funding. This is fully disclosed in the IA register of interests.	Satisfactory

		In addition two members of the team are currently job sharing with 50% of their time spent working in the wider finance team. Their responsibilities outside of internal audit are fully disclosed in the IA register of interests.	
1100.11	Confirm, through discussion with the CAE and individual team members that, assignments for ongoing assurance engagements and other audit responsibilities are rotated periodically within the internal audit team.	The annual audit plan is allocated to staff based on a combination of experience, availability, development opportunities and a need to build cumulative knowledge and resilience with the team. Auditors being allocated an area due to previous involvement in a similar audit can also be considered but is not a major factor when deciding on allocations.	Satisfactory
1100.12	Confirm, through discussion with the CAE and key stakeholders that, any known or alleged breaches of policy by individual auditors are thoroughly investigated and acted on in line with organisational policies.	There are no known or alleged breaches of policy by any of the current IA team. In the event that should occur they would be treated in line with the Council's disciplinary process	Satisfactory
1100.13	Confirm, through discussion with the CAE, whether there has been any real or apparent impairment of independence or objectivity and ascertain the arrangements for disclosure to the appropriate parties of such impairments.	<p>There is sufficient capacity within the audit team to ensure that the allocation of work can take account of conflicts of interest. The main areas for this within the ABC team is performing audit work on areas where team's family members are operationally involved or where the team member may have had operational responsibility in a role before joining the IA team or have it just now due to job share arrangements.</p> <p>All the team members are aware of the need to highlight potential conflicts and discuss them with the CIA and log them on the IA Register of Interests.</p>	Satisfactory
1100.14	Confirm, through discussion with the CAE, that due consideration is given to potential conflicts of interest or impairment of independence or objectivity relating to proposed significant consulting engagements and that, if appropriate, this is disclosed to the engagement client before the engagement is accepted.	The consideration that would be given to a conflict of interest in relation to a consulting engagement would be the same consideration that would be given to an audit assignment. Therefore previous response in this programme to questions about managing conflicts of interest are equally applicable to this question.	Satisfactory
1100.15	Review the annual Audit Plan against the engagements undertaken and confirm that any significant additional consulting engagements have been approved by the Board prior to the engagement being accepted.	The current CIA has not had to consider any consulting engagements since taking post in October 2017 and there are currently no consulting engagements scheduled for 2019/20 – in the event that a request is received for one	Satisfactory

		<p>this will be considered by the CIA in terms of the potential scope, suitability and resource availability and reported to the Audit &amp; Scrutiny Committee before work commences. In the event that this is not possible (for example due to urgency on the assignment and the timing of the Audit &amp; Scrutiny Committee) then the details will be circulated to the Committee members and their feedback sought.</p> <p>Where additional audit reviews have been required which were not within the approved annual audit plan the need for these has been reported to the Audit &amp; Scrutiny Committee.</p>					
<b>Overall Assessment – 1100 – Independence and Objectivity</b>							
<b>Good Practice Points</b>		<b>Areas for Improvement</b>					
<ul style="list-style-type: none"> <li>• Robust procedures for ensuring independence and objectivity</li> <li>• </li> </ul>		<ul style="list-style-type: none"> <li>• N/A</li> <li>• </li> </ul>					
Fully Conforms	<input checked="" type="checkbox"/>	Generally Conforms	<input type="checkbox"/>	Partially Conforms	<input type="checkbox"/>	Does Not Conform	<input type="checkbox"/>

1200 - Proficiency and Due Professional Care – The standard sets out the necessary requirements to ensure that the internal audit team possesses the knowledge, skills and other competencies to effectively carry out their professional responsibilities applying due professional care.			
Test(s)		Evidence	Assessment
1200.1	<b>Proficiency</b> Confirm whether it is an organisational requirement for the CAE to hold a professional qualification.	It is an organisational requirement for the CIA to be CCAB qualified	Satisfactory
1200.2	Confirm by examination of the certificates and, where possible, by reviewing available members registers that the CAE holds the required qualifications for the post.	CIA CIPFA Certificate evidenced when he was recruited to post	Satisfactory
1200.3	From responses to key stakeholder questionnaires and where necessary discussion with key stakeholders, confirm that the CAE is suitably experienced.	CIA CV confirms extensive experience in audit in both public and private sector including both financial and IT audit and also consultancy roles.  The CIA was appointed in October 2017 after a competitive interview process. Three panel members were on the interview panel including the Head of Financial Services. The CIA's experience was assessed as part of that recruitment process and deemed to be appropriate to the role.	Satisfactory
1200.4	Confirm, through discussion with the CAE, that they are responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes.	The CIA has responsibility for recruiting IA staff. Recruitment panels have two or three people on them and the CIA will be one of them. This was the case when the interviews were conducted for the new trainee auditor post in Q4 of 2018/19. The CIA and Finance manager conducted the interviews.	Satisfactory
1200.5	For a sample of job roles within the audit team, confirm 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.	Up to date job descriptions are available for all current IA posts.	Satisfactory
1200.6	By reviewing appropriate documentation and responses to key stakeholder questionnaires, confirm that internal audit collectively possess, or has sufficient authority to obtain, the skills, knowledge and other competencies required to perform its responsibilities and, where relevant, seeks competent advice and assistance. Specific areas to be considered when reviewing the collective skills, knowledge and other competencies of internal audit are: <ul style="list-style-type: none"> <li>• risk of fraud and anti-fraud arrangements in the organisation</li> </ul>	The CIA is of the view that the team possesses the appropriate mix of skills and experience to deliver an effective audit function.  There is a wealth of experience in audit within the team including two who are CIPFA qualified, one CIMA qualified, one doing CIPFA training and one in IIA training. The CIA has a background in both financial and IT audit in both	Investigate options for fraud investigation training.

<ul style="list-style-type: none"> <li>• key information technology risks, including cybersecurity, and controls</li> <li>• procurement risks and how to mitigate them</li> <li>• partnership risks including H&amp;SCPs</li> <li>• computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques.</li> </ul>	<p>public and private sector.</p> <p>One team member also attends the SLACIAG, Computer Audit Sub-Group meetings and the CIA has extensive experience in IT audit from his previous roles with PwC, Arthur Andersen and Deloittes.</p> <p>Performance indicators on Council's performance management system monitor delivery of training days and completion of PRDs.</p> <p>Internal/informal training also to be carried out via IA team development days to review work practices, programmes etc. Agendas will be set on a 'needs' basis. This was established in 2018 and has been further developed in 2019 to introduce the development of the team's understanding and knowledge of Council services as well as audit practices.</p> <p>As a team we look to bolster these skills and experience by networking with other local authorities/service providers and attendance at the Scottish Local Authority Chief Internal Auditors group (SLACIAG), taking advantage of resources available via membership with professional bodies (i.e. CIPFA, IIA) and also through established good working relationships with Audit Scotland (CIA's previous employers).</p> <p>The CIA has also established a working group with three other CIAs in neighbouring Councils. The group formally every two months and maintain contact via e-mail on an ongoing basis. This forum is used to share resources, and working practises and is in the process of establishing a series of benchmarking indicators.</p> <p>The council no longer have a specialist fraud investigation team and it is likely that internal audit would be involved in future investigations into alleged fraud. One of the Council's previous counter fraud officers has been redeployed as a Council tax Review Officer and as part of their job description they have a role to '<i>support Revs and</i></p>	
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		<p><i>Bens and Internal Audit with any ongoing fraud investigation</i> ‘ This provides a degree of support from a member of staff with relevant skills and experience.’ . However that particular officer’s background is predominantly in Council Tax assessment and collection although they were part of the previous fraud team and sat in on some interviews under caution. It would therefore be beneficial to consider the provision of training in interview techniques - both for this officer and at least one member of the internal audit team.</p>	
1200.7	<p><b>Due Professional Care</b></p> <p>Confirm, through discussion with the CAE, that there is a structured methodology to support the exercise of due professional care for planning assurance and consulting engagements.</p>	<p>Analysis of relevant factors takes place when the CIA, in conjunction with the IA team, prepares the audit plan for the year; each assurance engagement is given an estimated time to be dedicated, and individual auditors work to this timescale when carrying out an audit. This is also considered in the planning/ fieldwork and reporting stages of each audit.</p> <p>Executive Directors and Heads Of Service are consulted in the preparation of the annual audit plan. The CIA presents the draft plan and considers all feedback received prior to finalizing the plan for the March Audit &amp; Scrutiny Committee.</p> <p>A notification is sent in the quarter prior to an audit commencing to inform the Head Of Service regarding the planned timing of the audit from initial fieldwork to reporting and a terms of reference is agreed with the Head of Service or appointed audit contact for each audit carried out.</p> <p>The Internal Audit Manual sets out the key stages of an audit including the planning phase. .</p>	Satisfactory
1200.8	<p><b>Continuing Professional Development</b></p> <p>Confirm, through discussion with the CAE, that there is an appropriate process in place to define the skills and competencies for each level of auditor.</p>	<p>This is detailed in the job description/person specification for each post. .</p> <p>The Internal Audit Team participates in the Council’s Performance Review and Development (PRD) programme</p>	Satisfactory

		<p>which focuses on</p> <ul style="list-style-type: none"> <li>• A review of the key documents relevant to the post i.e. job description, person specification and occupational standards/ competencies.</li> <li>• An assessment of performance against last year's targets.</li> <li>• Identification of the coming year's targets; tasks and behaviours.</li> <li>• Identification of learning and development needs in order to achieve the targets.</li> </ul> <p>PRD meetings are held in March of each year with six monthly review meetings carried out. The performance of the team and development needs are monitored on an ongoing basis through audit work review, team meetings and informal discussions. Identifying areas for development is not seen as an annual exercise, more of a routine part of the team's delivery of the audit plan.</p>	
1200.9	For a sample of individual auditors, confirm that there has been an assessment of their CPD needs within the last 12 months, against predetermined skills and competencies.	<p>Each auditor is responsible for their own CPD to meet the requirements of their own professional body however note that the council is an accredited employer for CIPFA, CIMA, AAT &amp; ACCA.</p> <p>Training &amp; PRD records are held centrally by Learning &amp; Development section of the council. 6 month PRD meetings for the current team have been diarised in September 2019 and the annual reviews will be carried out in Feb/March 2020.</p>	Satisfactory
1200.10	Confirm, through discussion with the CAE and a sample of individual auditors, that they participate in a programme of continuing professional development.	See response to question 1200.9	
1200.11	For a sample of individual auditors confirm that they maintain a record of their professional development and training activities.	See response to question 1200.9	

#### Overall Assessment – 1200 – Proficiency and Due Professional Care

Good Practice Points

Areas for Improvement

<ul style="list-style-type: none"> <li>Continues focus on skills development</li> <li>Experienced and qualified team</li> <li>Structured planning process</li> <li></li> </ul>		<ul style="list-style-type: none"> <li>Consider need for fraud investigation training</li> <li></li> </ul>	
Fully Conforms <input type="checkbox"/>	Generally Conforms <input checked="" type="checkbox"/>	Partially Conforms <input type="checkbox"/>	Does Not Conform <input type="checkbox"/>
1300 - Quality Assurance and Improvement Programme – The standard sets out the necessary requirements for the internal and external assessment of performance and compliance against the PSIAS. The arrangements for reporting on results and disclosure of non-performance.			
Test(s)	Evidence	Assessment	
1300.1 <b>Internal Assessments</b> Through discussions with the CAE, confirm that there is an adequate process in place to monitor the performance of internal audit. This is likely to be demonstrated by: <ul style="list-style-type: none"> <li>appropriate supervision arrangements</li> <li>a quality review process for individual engagements</li> <li>performance measurement framework (e.g. KPIs or Balance scorecards, including an assessment of the delivery of the risk based Audit Plan)</li> <li>client feedback surveys.</li> </ul>	<p>The planning phase of every audit involved a discussion between the auditor and the CIA to consider the scope of the audit before a draft terms of reference with the identified audit objectives is created for discussion with the Head of Service or appointed audit contact.</p> <p>A work programme is created by the auditor with test steps for each identified audit objective and this is reviewed and agreed by the CIA before the audit commences.</p> <p>All individual engagements are subject to review by the CIA with review points raised and cleared by the auditor</p> <p>Draft reports are created by the auditor then reviewed by the CIA prior to being discussed with the Head of Service or audit contact.</p> <p>Post audit surveys are sent to audit contacts after the completion of each audit to assess performance and quality of reports. Internal audit have a positive performance target of 80% from these surveys. Our achievement rate always exceeds this target (for 2018/19 we achieved 96%)</p> <p>Reports are submitted to the Audit &amp; Scrutiny Committee on a quarterly basis detailing the progress against the risk based audit plan and any potential issues with regards to completion of the plan.</p>	Satisfactory	
1300.2 Confirm that a self-assessment has been undertaken by the CAE, or other competent person from within the organisation, within the previous 12 months to evaluate conformance with the PSIAS.	This is the self-assessment.	Satisfactory	

1300.3	<b>External Assessments</b> Confirm that an external assessment has been undertaken within the last 5 years by a qualified independent assessor / assessment team from outside the organisation.	External assessment carried out in 2018 and reported to the September 2018 Audit & Scrutiny Committee	Satisfactory
1300.4	Confirm that the CAE has discussed the form of the external assessment and the qualifications and independence of the assessment team, with an appropriate sponsor (e.g. Accountable Officer or Chair of the Board) and that there are no apparent conflicts of interest.	The Scottish Local Authorities Chief Internal Auditors' Group has developed an external quality assessment framework to satisfy the requirement for the five yearly external assessment. The Council's EQA was carried out within this framework. As such it was carried out by another CIA who made formal declaration of any conflicts of interest before he was allocated A&BC. This EQA Scotland wide approach was explained to the Audit and Scrutiny Committee by the CIAS in 2018.	Satisfactory
1300.4	<b>Reporting on the Quality Assurance and Improvement Programme</b> Confirm that the results of the Quality Assurance and Improvement Programme have been communicated to senior management and the Board in, at least, the Annual Report.	IA monitor their development plan as a standard agenda item at quarterly team meetings and the status of all development actions are reported to the Audit and Scrutiny Committee as part of a standard agenda item.	Satisfactory
1300.5	Confirm that instances of non-conformance with the PSIAS, identified through either the internal or external assessments, has been disclosed to the Board.	2018 EQA report presented to both SMT and September 2018 Audit and Scrutiny Committee. This is the self-assessment being reported to the September 2019 Audit and Scrutiny Committee.	Satisfactory
1300.6	Confirm that where there is significant non-conformance that this has been included in the Annual Report and considered for inclusion in the Annual Governance Statement.	No material issues of non-conformance identified.	Satisfactory

#### Overall Assessment – 1300 – Quality Assurance and Improvement Programme

##### Good Practice Points

- Very positive feedback from services
- Strong culture of engagement review and supervision
- QAIP actions reported to A&SC
- 
- 
- 

##### Areas for Improvement

- 

Fully Conforms



Generally Conforms



Partially Conforms



Does Not Conform



## Section E – Performance Standards

**2000 - Managing the internal Audit Activity - The standard sets out the necessary requirements for the overall management of the internal audit activity, the preparation of the risk based Audit Plan including delivery and reporting of the Audit Plan.**

Test(s)		Evidence	Assessment
2000.1	<p><b>Planning</b></p> <p>Confirm that the CAE consults with senior management and the board to obtain/maintain an understanding of the organisation's strategies, objectives and risks. This should be on an ongoing basis, rather than annually to inform the drafting of the annual plan, to ensure the CAE is sighted on changes in the organisation's business, risks and operations.</p>	<p>The CIA attends SMT meetings on a fortnightly basis which ensures he is well sighted on the Council's strategies, objectives and risks and of any issues that occur which may change the risk profile of the Council and, subsequently, areas for audit focus.</p>	Satisfactory
2000.2	<p>Confirm that the CAE has established a risk-based plan which determines internal audit's priorities and is consistent with the organisation's goals. Review the planning methodology adopted to compile the Audit Plan to ensure it is comprehensive and considers elements such as:</p> <ul style="list-style-type: none"> <li>• a documented annual risk assessment</li> <li>• an assessment of the organisation's overall assurance framework</li> <li>• an assessment of the organisation's risk management framework</li> <li>• consideration of local and national issues and risks</li> <li>• input from senior management and the Board</li> <li>• an assessment of the organisations objectives and priorities</li> <li>• any declarations of interest to avoid conflicts</li> <li>• requirement to use specialists if deemed necessary (e.g. IT auditors).</li> </ul>	<p>The creation of the 2019/20 audit plan gave consideration to:</p> <ul style="list-style-type: none"> <li>• a revised audit universe which sets out all the 'auditable units' within the council and allocates a prioritised scoring to them based on four key criteria, namely, budget, risk factor, when they were last audited and their overall assessment when they were last audited</li> <li>• a consideration of the need to provide audit coverage across all Heads of Service and also the HSCP and ALEO )</li> <li>• significant changes within the council (i.e. new systems, new policies)</li> <li>• wider issues in the public sector environment and discussions with CIAs at other councils</li> <li>• A team meeting to discuss possible areas of focus and previous audit input</li> <li>• A review of the draft 2019/20 service plans</li> <li>• A review of the council's risk mgt framework, strategic risk register and operational risk registers</li> <li>• Cumulative audit knowledge built up through CIA attendance at fortnightly SMT</li> <li>• Feedback obtained from senior management via CIA attendance at DMTs</li> <li>• Draft plan is submitted to the December meeting of the Audit &amp; Scrutiny meeting, allowing members to offer their feedback on the proposed plan prior to the final version being submitted to the March meeting of the committee.</li> </ul>	Satisfactory

2000.3	Through discussion with the CAE, confirm that significant consulting engagements are accepted only after consideration of the potential to improve the management of risks, to add value and to improve the organisation's operations and that where they are accepted they are reflected in the annual risk based audit plan.	During the tenure of the current CIA there have been no requests for consulting engagements however in the event a request is raised full consideration will be given to a number of factors before a decision is taken whether or not to carry out the engagement. This will include the perceived impact of the engagement, the capacity to deliver (both in terms of availability and expertise) and any potential conflict of interest issues. In the event that a decision is taken to perform a consulting engagement this will be communicated to the Audit & Scrutiny Committee and progress against the engagement will be reported to the Committee reported in the same manner as all reviews. If it is deemed necessary to amend the audit plan to accommodate the review then this, and the justification for it, will also be reported to the Committee.	Satisfactory
2000.4	<p>Obtain a copy of the audit plan and confirm that it:</p> <ul style="list-style-type: none"> <li>• incorporates, or is linked to, a strategic high-level statement of how internal audit will be delivered and developed in accordance with the internal audit charter</li> <li>• details how internal audit links to organisational objectives and priorities</li> <li>• is fixed for a period of no longer than one year</li> <li>• sets out the audit assignments to be carried out and their respective priorities</li> <li>• clearly distinguishes between assurance engagements and consulting engagements</li> <li>• strikes a balance over the range of reviews needing to be delivered (e.g. systems and risk based reviews, key control testing, benchmarking, VFM)</li> <li>• sets out how internal audit's resource requirements have been assessed</li> <li>• sets out the estimated resources needed for the planned work</li> <li>• provides for contingency time to undertake ad hoc reviews or fraud investigations as necessary</li> <li>• provides for 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's overall opinion</li> <li>• sets out the approach to be taken when using other sources of assurance</li> </ul>	<p>The 2019/20 audit plan defines the definition and purpose of Internal Audit and sets out how the plan has been developed to ensure it reflects the Council's services and risk profile. It also establishes the available resource to deliver the plan. It is a one year plan but also provides a three year view of the audit coverage of the Council's strategic risk register.</p> <p>The plan sets out the:</p> <ul style="list-style-type: none"> <li>• reviews to be carried out in year</li> <li>• aligns the audits to operational service areas (rather than objectives/priorities)</li> <li>• high level scope for each audit</li> <li>• resources allocated to each review</li> </ul> <p>Individual reviews are not prioritised within the plan – the intention of the plan is for all the reviews to be delivered over the course of the year so it is not deemed necessary to prioritise them. In the event that delivery needs to be reconsidered then the CIA will consider a range of options before deciding whether any audits need to be rescheduled.</p>	Satisfactory

	<ul style="list-style-type: none"> <li>• is sufficiently flexible to reflect the changing risks and priorities of the organisation.</li> </ul>	<p>There are no consulting engagements in the 2019/20 audit plan.</p> <p>The plan sets out the number of days required, factors in contingency (approx. 7.5% of overall budget) and time for internal audit management which includes planning, reporting, service and projects support and scrutiny development.</p> <p>The whole approach to internal audit, including the plan, is risk based. As such the CIA reserves the right to change the plan at any stage if there are emerging issues, risks or priorities. These changes will be reported to the Audit and Scrutiny Committee.</p>	
2000.5	Confirm that the audit plan is reviewed on a regular basis and adjusted, if necessary, to respond to changes in the organisation's business, risks, operations, programmes, systems and controls.	The plan is subject to review throughout the year, with progress and amendments reported to the Audit & Scrutiny Committee on a quarterly basis..	Satisfactory
2000.6	<p><b>Communication and Approval</b></p> <p>Confirm that the CAE communicates the audit plan to senior management and the board for review and approval and that the CAE alerts them to any material changes or the impact of resource limitations.</p>	The draft IA plan is noted by the Audit & Scrutiny Committee in December each year with the final version approved by the Committee the following March. The CIA also takes the draft plan to DMTs and SMT to seek their feedback. This ensures the plan is communicated to both the senior management team and the Committee members prior to approval.	Satisfactory
2000.7	<p><b>Resource Management</b></p> <p>Confirm that the methodology for planning the resource requirements takes account of:</p> <ul style="list-style-type: none"> <li>• declarations of interest (for the avoidance of conflicts of interest)</li> <li>• skills and knowledge of the team including any requirement to use specialists</li> <li>• time required for contingency to undertake ad hoc reviews or fraud investigations</li> <li>• time required for planning</li> <li>• time required for attendance at the Board.</li> </ul>	<p>The Internal audit annual plan is approved by members at the March committee, the annual plan is based on available resource days and this is further drilled down into individual audit day allocation, management days and contingency days.</p> <p>Audit work is provisionally allocated to staff based on a combination of experience, availability, development opportunities and a need to build cumulative knowledge and resilience with the team. Auditor's being allocated an area due to previous involvement in a similar audit can also be considered but is not a major factor when deciding on allocations.. Conflicts of interest are a key consideration in this process as detailed at</p>	Satisfactory

		<p>question 1100.5 of this programme.</p> <p>60 days of time is built into the audit plan required for contingency/ ad hoc reviews</p> <p>Time for attendance at Committee's, SMT, DMsT, planning and annual reporting etc is built into the 'Internal Audit Management' line.</p>	
2000.8	Confirm that, in the event there are insufficient resources to deliver the audit plan, the CAE brings this to the attention of the Board and the potential consequences where the CAE believes this will impact on the provision of an annual audit opinion.	If there was a resource limitation issue that would affect the delivery of the internal audit plan this would be brought to the attention of the SMT and Audit & Scrutiny Committee. This is only likely to occur in the event of long term absence as delivery of the plan is closely monitored meaning that any risk to its delivery would should be identified sufficiently early for corrective action to be taken. In 2018/19 a temp was used to deliver two audit assignments however this was not due to absence or a limitation of resource. It was to accommodate a temporary secondment of one of internal audit team to assist the wider Finance team.	Satisfactory
2000.9	<p><b>Policies &amp; Procedures</b></p> <p>Confirm that the CAE has established policies and procedures to guide internal audit and that they reflect the requirements of the PSIAS, are up to date and regularly reviewed.</p>	There is an internal audit charter and an internal audit manual. The manual has been specifically designed to be closely aligned to, and cross referenced to the PSIAS. Both documents are subject to an annual review and approval by the Audit and Scrutiny Committee.	Satisfactory
2000.10	<p><b>Co-ordination &amp; Reliance</b></p> <p>Confirm that the risk based audit plan takes account of other sources of assurance. This is likely to be evidenced by:</p> <ul style="list-style-type: none"> <li>• a documented approach to using other sources of assurance</li> <li>• an assurance mapping exercise</li> <li>• consideration of the work required to place reliance upon those sources</li> <li>• co-ordination of activities with other assurance providers (internal and external) to avoid duplication of efforts</li> <li>• regular meetings with the external auditor to co-ordinate activities.</li> </ul>	<p>There is a close working relationship between internal audit and external audit as the new CIA previously worked for Audit Scotland for 13 years and has a strong knowledge of their processes and the members of the external audit team. There is regular contact between the team to discuss future work and avoid duplication so as to maximise the benefit the council can obtain from both audit functions.</p> <p>In March 2017 Internal Audit updated their assurance mapping exercise to set out their assessment of the sources of assurance on the management of the council's strategic risk with this reported to the Audit Committee. This was reviewed by the CIA as part of the planning process for the 2018/19 audit plan. The assurance</p>	Satisfactory

		mapping exercise was not performed prior to the creation of the 2019/20 plan however it has now been reperformed and taken to the September 2019 Audit and Scrutiny Committee. The CIA will update the assurance mapping on an annual basis to inform future Audit and Scrutiny planning.	
2000.11	<p>Confirm that, where the body has organisational risks that relate to work it undertakes through partnerships, the CAE has sufficient access to partnership officers and records and that the CAE has arrangements in place to share information and coordinate activities with internal and external providers of assurance to ensure there is adequate coverage and minimal duplicate of effort.</p> <p><i>This may be particularly relevant in relation to integrated joint boards and leisure trusts.</i></p>	<p>The two main areas where this may be relevant for the Council are the delivery of services via the HSCP and Live Argyll. The Internal Audit team audit the social work services element of the HSCP and are the internal auditors for Live Argyll. The CIA attends the HSCP audit committee as required and reviews the HSCP internal auditors work programmes and outputs as required. This is designed to avoid duplication of effort.</p>	Satisfactory
2000.12	<p><b>Reporting to Senior Management and the Board</b></p> <p>Confirm that the CAE periodically reports to senior management and the Board on the internal audit activity's purpose, authority, responsibility and performance relative to its audit plan.</p>	<p>The CIA has regular meetings and correspondence with the S95 Officer and attends SMT on a fortnightly basis. CIA is also in regular contact with the Committee Chair (by phone, e-mail and, when necessary, face to face meetings).</p> <p>IA purpose, authority and responsibility is set out in the IA charter which is subject to annual review and approval by the Audit &amp; Scrutiny Committee.</p> <p>Reports are submitted to the Audit &amp; Scrutiny Committee on a quarterly basis detailing the progress against the risk based audit plan and any potential issues with regards to completion of the plan.</p>	Satisfactory
2000.13	<p><b>External Service Provider</b></p> <p>If internal audit is provided by an external provider; confirm that the provider has clearly informed the council that the responsibility for the organisation to have effective internal audit arrangements rests with the council.</p>	N/A – IA is provided internally	N/A

#### Overall Assessment – 2000 – Managing the Internal Audit Activity

##### Good Practice Points

- CIA regular attendance at SMT

##### Areas for Improvement

-

<ul style="list-style-type: none"><li>• Robust process to develop annual audit plan</li><li>• Regular reporting of plan delivery to Committee</li><li>• Introduction of annual assurance mapping</li><li>• </li></ul>	• • • •	
Fully Conforms	✓	Generally Conforms
	<input type="checkbox"/>	Partially Conforms
	<input type="checkbox"/>	Does Not Conform
	<input type="checkbox"/>	

**2100 - Nature of Work - The standard sets the internal audit activity that needs to be undertaken to evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.**

Test(s)		Evidence	Assessment
2100.1	<p><b>Governance</b>            Assess whether internal audit evaluates risk exposures relating to the organisation's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> <li>• achievement of the organisation's strategic objectives;</li> <li>• reliability and integrity of financial and operational information</li> <li>• effectiveness and efficiency of operations and programmes</li> <li>• safeguarding of assets</li> <li>• compliance with laws, regulations, policies, procedures and contracts.</li> </ul>	<p>All audit reviews are supported by a terms of reference which set out the scope, objectives and identified risks which the audit is to address. The objectives are aligned to the risks and a more detailed work programme created which is aligned to those objectives. This ensures the audit work carried out is directly addressing the identified risks. Those risks may be from the Council's Strategic Risk Register or Operational Risk Registers but may also be risks identified by the audit team's planning process. This consideration of relevant risks would incorporate all the bullet pointed areas.</p> <p>Audit work regularly focuses on areas of governance such as robustness of polices and procedures, performance reporting (which focuses on the achievement of strategic objectives), budget monitoring (financial information), and compliance with relevant legislation.</p> <p>The CIA attends the SMT meetings on a fortnightly basis. Standard agenda items for the SMT are 'Legislation Tracker' which highlights any new or changed legislation relevant to the council and 'Consultation tracker' which highlights any consultations published by the Scottish Government since the previous SMT. The CIA considers these to identify any impact and risks which might influence the programme of internal audit work. For all audit assignments the planning phase considers the relevant legislation, policies and procedures for the area being reviewed and consideration given to the extent to which the audit needs to consider the impact of them and how the council complies with them.</p>	Satisfactory
2100.2	<p><b>Risk Management</b>            Assess whether internal audit evaluates the effectiveness of the organisation's risk management process and contributes to its improvement. This can be achieved by ensuring that:</p> <ul style="list-style-type: none"> <li>• organisational objectives support and align with the organisation's mission</li> </ul>	<p>In recent years Internal Audit have brought a 'Risk Management Overview' to the Audit and Scrutiny Committee on an annual basis. In 2018/19 this was replaced by a risk management audit as the Council had rolled out new risk management arrangements and the CIA was of the view that a compliance audit would provide the Committee with more</p>	Satisfactory

	<ul style="list-style-type: none"> <li>• significant risks are identified and assessed</li> <li>• appropriate risk responses are selected that align risks with the organisation's risk appetite</li> <li>• relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities.</li> </ul> <p>Internal audit may gather the information to support this assessment during multiple engagements and/or through a specific review of risk management.</p>	<p>assurance than the previous overview reports. A further risk management audit is to be completed as part of the 2019/20 plan.</p> <p>A further development in the past 18 months is that the Chief Executive now presents the Strategic Risk Register to the Committee on an annual basis (usually June) which provides the Committee the opportunity to scrutinise the register and seek assurance from the Chief Executive that risks are being managed appropriately.</p> <p>The CIA is of the view that the cumulative effect of the roll out of the new risk management arrangements, the positive risk management audit report presented to Committee in December 2018 and the Chief Executive's annual report to the Committee means there is less value in the previous Risk Management Overview reports and that the Committee would be better served by receiving an annual assurance mapping paper which provides an assessment of the sources of assurance over the management of the Council's strategic risks. An audit assessing compliance with the Council's risk management arrangements would be performed every three years to provide continued assurance to the Committee. Such an audit could be performed outwith that agreed cycle if issues are brought to the attention of the CIA that would deem a review necessary.</p> <p>Internal audit's view on the effectiveness of risk management, in the years when there is no full risk mgt audit, will be informed through cumulative audit knowledge acquired whilst performing audit engagements and by the CIA's attendance at fortnightly SMTs (who update the Strategic Risk Register every 6 months) and review of DMT minutes (who update the operational risk registers on a quarterly basis).</p>	
2100.3	<p><b>Fraud Risk</b></p> <p>Assess whether arrangements are in place to evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.</p>	<p>Internal Audit undertake a co-ordinating role in progressing the matches produced by the NFI team. At the beginning of the exercise IA liaise with the Senior IT Engineer and departmental representatives to establish which data sets will be submitted and ensure that they are uploaded to the system in line with the required timeframe. Throughout the duration of the NFI exercise IA set-up and disable users and</p>	Satisfactory

		<p>manage their access rights to ensure access is restricted to appropriate data sets. IA monitor progress in undertaking the matches identified ensuring that priority is given to recommended matches and send out reminders as necessary. Progress is reported to the Audit &amp; Scrutiny Committee.</p> <p>Internal audit carry out a programme of continuous monitoring which provides audit coverage across the main financial transactional processes on an annual basis. This helps to ensure there are good controls in relation to processing transactions which, in turn, reduces the risk of fraud.</p>					
2100.4	<p><b>Control</b></p> <p>Assess whether internal audit evaluates the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> <li>• achievement of the organisation's strategic objectives</li> <li>• reliability and integrity of financial and operational information</li> <li>• effectiveness and efficiency of operations and programmes</li> <li>• safeguarding of assets</li> <li>• compliance with laws, regulations, policies, procedures and contracts.</li> </ul>	<p>All audit reviews are supported by a terms of reference which set out the scope, objectives and identified risks which the audit is to address. The objectives are aligned to the risks and a more detailed work programme created which is aligned to those objectives. The work programme focused on the controls which should be in place to meet the identified control objectives. These controls are then tested as part of the audit with the audit opinion and recommendations based on the outcome of that testing.</p> <p>Audit work regularly focuses on controls relating to compliance with policies and procedures, performance reporting (which focuses on the achievement of strategic objectives), budget monitoring (financial), logical and physical access to assets.,</p>	Satisfactory				
<b>Overall Assessment – 2100 – Nature of Work</b>							
<p><b>Good Practice Points</b></p> <ul style="list-style-type: none"> <li>• Appropriate balance of audit focus on governance, risk, fraud and controls</li> <li>• Implemented annual assurance mapping process</li> <li>• </li> </ul>		<p><b>Areas for Improvement</b></p> <ul style="list-style-type: none"> <li>• </li> <li>• </li> </ul>					
Fully Conforms	✓	Generally Conforms	<input type="checkbox"/>	Partially Conforms	<input type="checkbox"/>	Does Not Conform	<input type="checkbox"/>



**2200 - Engagement Planning - The standard sets the requirements necessary to develop and plan for each engagement including the objectives, scope, timing and resource allocations.**

<b>Test(s)</b>		<b>Evidence</b>	<b>Assessment</b>
2200.1	<p><b>Engagement Planning</b></p> <p>For a sample of completed engagements confirm that there is a planning document which includes:</p> <ul style="list-style-type: none"> <li>• engagement objectives</li> <li>• engagement scope</li> <li>• engagement timing</li> <li>• resources allocated</li> <li>• consideration of the organisations strategies, objectives and risks relevant to the engagement.</li> </ul>	<p>For each assignment there is an agreed terms of reference which sets out the background to the audit, the risks considered, the audit scope, control objectives, key officers, and projected timescales. The final TOR is agreed with the relevant Head of Service.</p> <p>The TOR does not specifically set out the resources allocated to the audit</p>	Update TOR template to include reference to allocated resource (name of CIA, of allocated auditor and number of days)
2200.2	<p><b>Planning Considerations</b></p> <p>For a sample of completed engagements confirm that planning gave consideration to the nature of the audit work to be undertaken, including the:</p> <ul style="list-style-type: none"> <li>• strategies and objectives of the activity being reviewed</li> <li>• risks to the activities objectives and operations and the means by which they are managed</li> <li>• adequacy and effectiveness of the activity's governance, risk management and control processes.</li> </ul>	<p>The terms of reference is the output of the planning phase of the audit which includes a preliminary assessment of the relevant audit objective and associated risks. It will involve preliminary research including a review, where relevant, of information sources such as the council governance documents, service plans, risk registers, performance score cards, relevant regulations and legislation and other internal and external audit or scrutiny reports.</p>	Satisfactory
2200.3	<p>If internal audit has undertaken engagements for parties outside the organisation confirm that there is a documented agreement detailing:</p> <ul style="list-style-type: none"> <li>• roles and responsibilities of internal audit and the client</li> <li>• operational arrangements, such as access to engagement records, distribution of reports, etc.</li> </ul>	<p>IA carry out internal audit activity on behalf of Live Argyll (Arm's length organisation to deliver leisure and culture services). The SLA with Live Argyll sets out the internal audit provision.</p>	Satisfactory
2200.4	<p>For significant consulting engagements, confirm that there is documented evidence that the planning stage gives consideration to the:</p> <ul style="list-style-type: none"> <li>• objectives of the engagement</li> <li>• needs and expectations of clients, including the nature, timing and communication of engagement results</li> <li>• complexity and extent of work needed to achieve the engagement objectives</li> <li>• scope of the engagement, including reference to aspects of governance, risk management and control</li> <li>• cost of the engagement in relation to potential benefits.</li> </ul>	<p>There has been no consulting engagements carried out in the past 12 months. There has been additional audits carried out which were not in the original 2018/19 audit however these are managed in the same way as any audit with a terms of reference drafted and agreed.</p> <p>In the event that a request for such an engagement was received the CIA would consider these factors before committing IA resource to it. In addition he would consider the potential impact of undertaking the engagement on the delivery of the annual internal audit plan.</p>	Satisfactory
2200.5	<b>Engagement Objectives</b>	After the terms of reference are agreed a more detailed	Satisfactory

	<p>For a sample of completed engagements confirm that the engagement objectives established during the planning phase are reflected in a documented work programme which has been developed to achieve those objective</p>	<p>work programme is created which sets out the testing to be performed to meet the objectives set out in the terms of reference. This work programme is treated as the key audit evidence as it details the control objectives, work performed, results, identified issues/risks and all supporting audit evidence is embedded into it.</p>	
2200.6	<p><b>Engagement Scope</b></p> <p>For a sample of completed engagements confirm that the scope of the engagement includes:</p> <ul style="list-style-type: none"> <li>• what will be covered or excluded from the review</li> <li>• the nature of the work to be undertaken</li> <li>• the timing/ key stages and period covered.</li> </ul>	<p>For each assignment there is an agreed terms of reference which sets out the background to the audit, the risks considered, the audit scope, control objectives, key officers, and projected timescales. The final TOR is agreed with the relevant Head of Service. The detailed work programme, which is clearly linked to the terms of Reference sets out the nature of the work to be performed.</p>	Satisfactory
2200.7	<p><b>Engagement Resource Allocation</b></p> <p>Confirm that sufficient and appropriate consideration is given to the resources to allocate to an engagement which considers issues such as knowledge, skills, and competencies.</p>	<p>Audit work is allocated to staff based on a combination of experience, availability, development opportunities and a need to build cumulative knowledge and resilience within the team.</p> <p>When the audit plan is agreed the CIA gives the team the opportunity to identify particular audits in it that they are keen to perform. There can be no guarantee that they will always be allocated those ones however, if possible and appropriate, then it will be accommodated.</p>	Satisfactory
2200.8	<p><b>Engagement Work Programme</b></p> <p>Confirm that work programmes are approved prior to the commencement of the engagement.</p>	<p>The work programmes are developed collaboratively between the CIA and the auditor carrying out the review. The auditor and CIA arrange a meeting to discuss key areas of focus and the CIA provides verbal and/or written input. The auditor then drafts the programme and shares it with the CIA for review and feedback.</p> <p>There is no formal 'sign off' of the work programme by the CIA however the CIA is content there is appropriate CIA involvement in its creation. The fieldwork is also subject to formal review so this would highlight if the programme has been amended post the CIA agreeing it.</p>	Satisfactory
2200.9	<p>Confirm that any adjustments to the work programme have been documented and approved promptly.</p>	<p>The CIA has made it clear to the audit team that:</p> <p>1 If, during the course of an audit, information comes to</p>	Satisfactory

		<p>light which means the work programme needs to be extended to perform additional testing then this is acceptable pending discussion and agreement with the CIA.</p> <p>2 If, during the course of an audit, the auditor forms the judgement that a test step previously considered applicable is now no longer relevant then the auditor is allowed to apply their professional judgement however this judgement must be documented on the work programme. The test step is not to be deleted.</p>	
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#### Overall Assessment – 2200 – Engagement Planning

##### Good Practice Points

- Clear link between terms of reference, audit work programme and final audit report
- Appropriate supervision and CIA input to engagement planning
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##### Areas for Improvement

- Audit terms of reference to reflect resource allocation
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Fully Conforms  Generally Conforms  Partially Conforms  Does Not Conform

#### 2300 - Performing the Engagement - The standard sets the requirements necessary to gather, document, analyse and evaluate evidence to achieve the engagement objectives. Supervision arrangements and records management are also covered.

Test(s)		Evidence	Assessment
2300.1	<b>Evidence</b> Through discussion with the CAE, confirm that processes are in place to identify, document, analyse, and evaluate evidence gathered during the audit engagement.	All audit work performed including how evidence has been gathered, analysed and the conclusions drawn are documented in the work programme.	Satisfactory
2300.2	For a small sample of completed engagements confirm that there is evidence that the auditor has gathered sufficient, relevant, reliable and useful information in support of the engagements objectives.	The completed work programme is subject to review by the CIA with a review schedule drafted and responses to the review points documented by the auditor carrying out the assignment. The CIA would not allow a report to be finalised until he is content that the auditor has gathered sufficient, relevant, reliable and useful information in support of the engagements objectives.	Satisfactory

2300.3	For a small sample of completed engagements confirm that there is evidence that the auditor has based their conclusions and engagement results on appropriate analyses and evaluation of the documented evidence gathered.	The completed work programme is subject to review by the CIA with a review schedule drafted and responses to the review points documented by the auditor carrying out the assignment. The CIA would not allow a report to be finalised until he is content that the auditor has based their conclusions and engagement results on appropriate analyses and evaluation of the documented evidence gathered.	Satisfactory
2300.4	From the evaluation of test 2300.2 and 2300.3 conclude whether the documented working papers are 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.	See responses to 2300.2 and 2300.3	Satisfactory
2300.5	<p><b>Records Management</b></p> <p>Through discussion with the CAE, and examination of any available retention schedule / records management policy, confirm that adequate arrangements exist to control access to all types of engagement records.</p>	<p>All audit files are maintained in the internal audit section of the council's network drive and the internal audit sharepoint site.</p> <p>Access is restricted to the Internal Audit SharePoint site; this is only accessible by members of the Internal Audit team. Control is granted via request to the SharePoint site administrators (2x member of Internal Audit Team).</p> <p>Access to the network drive is managed via IT and network permissions. In January 2018 the CIA reviewed the list of users with access to the audit directory and removed users who no longer required it.</p>	Satisfactory
2300.6	Confirm that the process for controlling engagement records requires the approval of senior management and/or legal counsel, as appropriate, before releasing engagement records to external parties.	Access to the IA sharepoint site or audit directory on the network will only be granted after approval by the CIA.	Satisfactory
2300.7	Confirm that the retention requirements in place for engagement records are consistent with the organisation's own guidelines and any relevant regulatory or other requirements. Ascertain if any records have been retained beyond their scheduled destruction date and the reasons why.	In relation to document retention, IA follow an approach that is consistent with the Council's record management plan and retain records for a maximum period of 7 years.	Satisfactory
2300.8	<p><b>Engagement Supervision</b></p> <p>Through discussion with the CAE and evaluation of available evidence, confirm that arrangements are in place to properly supervise all</p>	The CIA supervises all engagements carried out by the IA team. This includes formal involvement in the planning and review process and also ongoing dialogue with the	Satisfactory

	<p>engagement to ensure that objectives are achieved, quality is assured and that staff are developed.</p>	<p>team to monitor progress, discuss emerging issues, answer queries etc. The CIA is in contact with team members often on a daily basis by either phone, e-mail or face to face. This contact covers a range of topics including work being performed, future work, development needs etc.</p> <p>All documentation relating to an engagement (TOR, Work programme, and audit report) are subject to review by the CIA. The CIA would not allow a report to be finalised until he is content that the audit objectives have been met and the work is of an appropriate quality.</p>					
2300.9	<p>For a small sample of completed engagements confirm that there is evidence that supervision and quality control is documented and retained for each engagement.</p>	<p>All documentation relating to an engagement (TOR, Work programme, and audit report) are subject to review by the CIA. The CIA would not allow a report to be finalised until he is content that the audit objectives have been met and the work is of an appropriate quality.</p>	Satisfactory				
<b>Overall Assessment – 2300 – Performing the Engagement</b>							
<b>Good Practice Points</b>		<b>Areas for Improvement</b>					
<ul style="list-style-type: none"> <li>• Clear engagement supervision and established review process</li> <li>•</li> <li>•</li> </ul>		<ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>					
<b>Fully Conforms</b>	<input checked="" type="checkbox"/>	<b>Generally Conforms</b>	<input type="checkbox"/>	<b>Partially Conforms</b>	<input type="checkbox"/>	<b>Does Not Conform</b>	<input type="checkbox"/>

**2400 - Communicating Results - The standard sets the requirements necessary for the communication of results for individual engagements and the overall annual opinion.**

Test(s)	Evidence	Assessment
2400.1 <b>Communicating Results of Engagements</b> From a small sample of completed engagements, confirm that the results of the engagement have been communicated in an appropriate format, including: <ul style="list-style-type: none"><li>• engagement objectives</li><li>• scope of the engagement</li><li>• applicable opinions/conclusions to support the annual internal audit opinion on the control environment</li><li>• disclosure of all material facts</li><li>• recommendations and action plans, if appropriate</li><li>• acknowledgment of satisfactory performance/ recognised areas of good practice</li><li>• risk ratings for recommendations and actions.</li></ul>	<p>All audit assignments result in a report which is agreed with the key audit contact, relevant Head of Service and then submitted to the Audit &amp; Scrutiny Committee.</p> <p>The report has sections detailing the Background, Scope, Audit opinion, key Findings, Objectives and Summary Assessment, Detailed Findings, and an Action Plan with finding, risk, agreed action, responsibility and due date.</p>	Satisfactory
2400.2 From a small sample of completed engagements, confirm that the internal auditor has 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 and appropriate timescales.	<p>As part of the standard audit approach the team member carrying out the audit will have a feedback meeting with the key audit contact to discuss the arising issues. There will also be iterative communication with the key contact to clear the audit report. These communications will primarily be by e-mail due to the geographic spread' of the council</p> <p>The feedback survey completed by services after completion of an audit ask a series of questions including</p> <ol style="list-style-type: none"> <li>1. I was given adequate opportunity to feedback on draft findings prior to the report being finalised.</li> </ol> <p>During 2018/19 the average score for this question (across 25 completed surveys) was 4.94 out of 5.</p>	Satisfactory
2400.3 Through discussion with the CAE, and evaluation of any available evidence, confirm that where 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.	<p>There are no examples of this since the current CIA took post. In the event that it occurred the action plan would clearly record the IA recommendation and the mgt response disagreeing with the recommendation. Issues in an action plan would only be removed in the event that the service could provide sufficient evidence to confirm that material risk had been mitigated.</p>	Satisfactory

2400.4	Through discussion with the CAE, confirm that where engagement results are released to parties outside of the organisation, the limitations on the distribution and use of the results is clearly communicated.	All internal audit reports are reported to the Audit & Scrutiny Committee and, as such, are available on the Council's website as part of meeting agenda papers. In the event that information contained within a report was deemed to be sufficiently sensitive to not be made publically available (i.e. considered as a private paper) this would be discussed with either the Council's Head of Legal and Regulatory Support or the Council's Monitoring Officer.	Satisfactory
2400.5	From a small sample of completed engagements, confirm that the communication of engagement results is accurate, objective, clear, concise, constructive, complete and timely.	The feedback survey completed by services after completion of an audit ask a series of questions including  2. The audit report addressed the agreed scope and objectives. 3. The report was clearly written and constructive.  During 2018/19 the average score for these two questions (across 25 completed surveys) was 4.78 out of 5 and 4.96 out of 5 respectively.  Reports are issued in full to the Audit and Scrutiny Committee, SMT, audit contact and external audit.	Satisfactory
2400.6	Through discussion with the CAE, and evaluation of any available evidence confirm that, in the event of a significant error or omission in the communication of results, the correct information is communicated to all parties who received the original communication.	The feedback and report clearance process detailed in step 2400.2 of this programme would identify and correct any significant error in the reporting of results.	Satisfactory
2400.7	Through discussion with the CAE, and evaluation of any available evidence confirm that, if the audit report states that the engagement has been ' <i>conducted in conformance with the PSIAS</i> ', the results of the QAIP support this statement.	All IA reports have a standard text in their executive summary stating ' <i>The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS)</i> '  This self-assessment against PSIAS has not identified any material weaknesses which would mean this statement in an audit report is not appropriate.	Satisfactory
2400.8	Through discussion with the CAE confirm that, adequate arrangements exist to monitor conformance with the PSIAS for individual engagements and if there is any non-conformance the following is disclosed in the communication of results:	The audit processes followed to complete an assignment is designed so as to be in compliance with PSIAS. To date there has been no occurrence of an issue which has resulted in non-conformance. In the event that there was	Satisfactory

	<ul style="list-style-type: none"> <li>• the principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved</li> <li>• the reason(s) for non-conformance</li> <li>• the impact of non-conformance on the engagement and the engagement results.</li> </ul>	such an issue this would be detailed in the report however it is not considered likely that this will occur.	
2400.9	Through discussion with the CAE and evaluation of available evidence confirm that engagement results are communicated to all appropriate parties.	All reports are circulated to the relevant audit contact, head of service, executive director, external audit and are presented to the SMT and Audit & Scrutiny committee.	Satisfactory
2400.10	Through discussion with the CAE and evaluation of available evidence confirm that, where any significant governance, risk management and control issues are identified during consulting engagements, these are communicated to senior management and the Board.	There have been no consulting engagements carried out during the tenure of the current CIA (appointed October 2017) however in the event that one should arise the reporting process and channels would be the same as those adopted for core audit reports and all significant governance, risk management and control issues would be detailed in those reports	Satisfactory
2400.11	<p><b>Communicating the Overall Opinion</b></p> <p>Review the Annual Report (overall opinion) and confirm that the:</p> <ul style="list-style-type: none"> <li>• CAE has provided an annual opinion concluding on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control</li> <li>• annual overall opinion was provided within a reasonable time after the year end</li> <li>• overall opinion includes the scope of the opinion and any scope limitations</li> <li>• engagements completed in the annual internal Audit Plan is consistent with the overall opinion provided</li> <li>• overall opinion is supported by an appropriate methodology to evaluate the cumulative results of the completed audit engagements</li> <li>• overall opinion, where appropriate, takes into account the reliability of other assurance providers</li> <li>• reasons for a qualified overall opinion are disclosed.</li> </ul>	The annual audit report (presented to June Audit and Scrutiny Committee) contains all the requirements as per the bullet point list. It is tabled to the first meeting of the Committee after the financial year end that it relates to,	Satisfactory
2400.12	Through discussion with the CAE and a review of the Annual Governance Statement, confirm that the Annual Report and opinion has been used to inform the Annual Governance Statement.	The CIA is responsible for drafting the relevant areas of the Annual Governance Statement and that drafting reflects the annual audit opinion provided to the Audit and Scrutiny Committee.	Satisfactory
2400.13	Review the Annual Report and confirm that it includes a/the: <ul style="list-style-type: none"> <li>• comparison or work actually carried out with the work planned</li> </ul>	The 2018/19 annual report confirms that the plan was completed in its entirety and references the adoption of	2019/20 annual audit report to include a

<ul style="list-style-type: none"> <li>statement on conformance with the PSIAS, or the reasons for non-conformance</li> <li>results of the QAIP</li> <li>progress against any improvement plans resulting from the QAIP</li> <li>summary of the performance of the internal audit activity against its performance measures and targets</li> <li>any other issues that the CAE judges is relevant to the preparation of the Annual Governance Statement.</li> </ul>	<p>PSIAS. It also references the QAIP and the outcome of the external assessment reported to Committee in September 2018.</p> <p>The 2018/19 annual report does not include a specific section the performance of the internal audit activity against on its performance measures and targets. That will be added to the 2019/20 annual report.</p>	<p>section showing IA performance against targets and summarising client questionnaire feedback.</p>					
<b>Overall Assessment – 2400 – Communicating Results</b>							
<b>Good Practice Points</b> <ul style="list-style-type: none"> <li>Full audit reports issued as a public document – not a summary version</li> <li>Very positive service feedback on report clearance process and quality of report</li> <li>SMT are sighted on all internal audit reports</li> <li>•</li> </ul>	<b>Areas for Improvement</b> <ul style="list-style-type: none"> <li>2019/20 annual audit report to include summary of performance against targets</li> <li>•</li> <li>•</li> </ul>						
Fully Conforms	<input type="checkbox"/>	Generally Conforms	<input checked="" type="checkbox"/>	Partially Conforms	<input type="checkbox"/>	Does Not Conform	<input type="checkbox"/>

2500 - Monitoring Progress – The standard sets out the expected arrangement for monitoring the implementation of agreed actions or the acceptance of the risk of not implementing.			
Test(s)	Evidence	Assessment	
2500.1 <b>Monitoring Progress</b> Confirm that there is an adequate process in place to follow up the agreed actions arising from the work of internal audit. This is likely to be demonstrated by: <ul style="list-style-type: none"> <li>following up on agreed / outstanding actions at least annually</li> <li>reporting the results of the follow up to senior management</li> <li>reporting the results of the follow up to the Board</li> <li>clear process for the communication of unacceptable levels of risk.</li> </ul>	<p>There is a comprehensive follow up programme in place whereby actions are followed up on a monthly basis with the agreed responsible person in order to gauge and monitor progress with the agreed actions.</p> <p>When management want to sign off an action as complete, they must provide Internal audit with evidence that will be reviewed and a decision made if it sufficiently completes action as per agreed action plan. If management require to delay any actions past the original agreed date then they</p>	Satisfactory	

		<p>need to provide an acceptable reason for delay and a new implementation date.</p> <p>Progress with actions is reporting to the Strategic Management Team on a monthly basis and the Audit &amp; Scrutiny Committee on a quarterly basis.</p>	
2500.2	Review the Annual Report and confirm that, the results of the follow-up of agreed actions, has been reported to senior management and the Board and the annual opinion takes account of those results.	As per 2500.1 follow up is reported to the SMT and Audit & Scrutiny Committee monthly and quarterly respectively rather than just on an annual basis.	Satisfactory
2500.3	Review the annual risks based planning methodology; and confirm that the result of the follow-up of agreed actions is taken into consideration in the risk assessment.	As detailed at step 2000.2 of this programme the creation of the annual audit plan considered a number of factors including a revised audit universe which sets out all the 'auditable units' within the council and allocates a prioritised scoring to them based on four key criteria, namely, budget, risk factor, when they were last audited and their overall assessment when they were last audited	Satisfactory

#### Overall Assessment – 2500 – Monitoring Progress

##### Good Practice Points

- Comprehensive follow up process in place with regular reporting to SMT and A&SC
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##### Areas for Improvement

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Fully Conforms  Generally Conforms  Partially Conforms  Does Not Conform

2600 - Communicating the Acceptance of Risks – The standard sets out the expected arrangement for the escalation of unacceptable risk to the Board.			
Test(s)		Evidence	Assessment
2600.1	<b>Communicating the Acceptance of Risks</b> Confirm that adequate arrangements exist to escalate any concerns the CAE may have in relation to the level of risk that has been accepted by management or the organisation. This is likely to be demonstrated by:	The CIA has unrestricted access to the Chief Executive and Chair of the Audit & Scrutiny Committee and can provide assurance that, should it be required, he can escalate issues directly to them. The CIA also attends	Satisfactory

<ul style="list-style-type: none"> <li>• reports to management and the Board being communicated directly by the CAE</li> <li>• the CAE having free and unfettered access to the Chief Executive and the Chair of the Audit Committee</li> <li>• the annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, control and risk management being presented by the CAE to senior management and the Board</li> <li>• CAE consulted in relation to the organisation's Annual Governance Statement.</li> </ul>	<p>SMT meetings giving him access to the SMT should he have any concerns that need to be raised.</p> <p>All audit reports are taken to the Audit &amp; Scrutiny Committee and are presented to the SMT.</p> <p>The CIA contributes to the annual governance statement and the annual audit opinion is reported to the Audit &amp; Scrutiny Committee.</p>				
<b>Overall Assessment – 2600 – Communicating the Acceptance of Risks</b>					
<b>Good Practice Points</b>		<b>Areas for Improvement</b>			
<ul style="list-style-type: none"> <li>• Comprehensive follow up procedures in place with reporting to SMT and A&amp;SC</li> <li>• </li> </ul>	<ul style="list-style-type: none"> <li>• </li> </ul>	<b>Fully Conforms</b> <input checked="" type="checkbox"/>	<b>Generally Conforms</b> <input type="checkbox"/>	<b>Partially Conforms</b> <input type="checkbox"/>	<b>Does Not Conform</b> <input type="checkbox"/>