



Public Sector Internal Audit Standards external assessment update

Committee Audit and Standards

Date of meeting 11 November 2016

Date of report 31 October 2016

Report by Assistant Chief Executive (Business Support)

1. Object of report

With reference to the minute of the last meeting, this report is to provide members with an update on the Public Sector Internal Audit Standards (PSIAS) external assessment timetable.

2. Background

Public Sector Internal Audit Standards (PSIAS)

The PSIAS have been developed to provide a consistent standard across the UK public sector and apply to central government, local government and NHS organisations.

These standards outline the following requirements:

'The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The quality assurance and improvement programme must include both internal and external assessments.'

'External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.'

At the last meeting, committee approved the appointment of EY as the external assessor.

3. Outline of findings

Self-assessment exercise

In accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), a self-assessment exercise of the Audit and Assurance service has been completed. This exercise used good practice guidance, namely, the Chartered Institute of Public Finance & Accountancy (CIPFA) local government application note for the UK Public Sector Internal Audit Standards, as the benchmark.

The populated self-assessment checklist for assessing conformance with the PSIAS and the CIPFA local government application note can be found at Appendix 1.

Agenda 12

A quality assurance and improvement plan (QAIP) for 2016/17 has been prepared to support the self-assessment. The QAIP 2016/17 can be found at Appendix 2.

External assessment

The self-assessment and QAIP 2016/17 have been forwarded to the external assessor for independent validation.

A report on the outcome of the external assessment will be presented to the next meeting of the Audit and Standards committee, by EY.

4. Conclusions

In accordance with PSIAS requirements, a self-assessment and QAIP 2016/17 has been presented to the external assessor (EY) for independent validation.

A report on the outcome of the external assessment will be presented to the next meeting of the Audit and Standards committee, by EY.

5. Committee action

The committee is asked to note the contents of this report and the self-assessment and QAIP 2016/17 presented to EY for external assessment.

6. Consequences

Policy consequences	<i>In accordance with the Public Sector Internal Audit Standards 2016.</i>
Legal consequences	<i>In accordance with the Local Authority Accounts (Scotland) Regulations 2014.</i>
Financial consequences	<i>None</i>
Personnel consequences	<i>None</i>
Social Inclusion consequences	<i>None</i>
Risk consequences	<i>None</i>

Name Valerie Davidson

Name Gordon MacLennan

Title **Assistant Chief Executive
(Business Support)**

Title **Chief Executive**

For further information, please contact Iain McNicol, Audit and Assurance Manager on 0141 333 3195.

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
1	Definition of Internal Auditing					
	Using evidence gained from assessing conformance with other Standards, is the internal audit activity: a) Independent? b) Objective?	✓ ✓			Internal Audit Plan Internal Audit Charter Financial Regulations Annual Internal Audit report and opinion Internal Audit Manual	
	Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓			Internal Audit Plan Assurance framework Local code of Corporate Governance Corporate Risk Register Risk Management Strategy Internal Audit Manual Audit universe	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
2	Code of Ethics					
	<p>Integrity Using evidence gained from assessing conformance with other Standards, do internal auditors:</p> <p>a) Perform their work with honesty, diligence and responsibility? ✓</p> <p>b) Observe the law and make disclosures expected by the law and the profession? ✓</p> <p>c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of internal auditing or to the organisation? ✓</p> <p>d) Respect and contribute to the legitimate and ethical objectives of the organisation? ✓</p>				<p>Internal Audit Charter Local code of Corporate Governance Code of Conduct for Employees</p> <p>Internal Audit Manual</p>	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<p>Objectivity Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not:</p> <p>a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? b) Accepting anything that may impair or be presumed to impair their professional judgement? c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?</p>	<p align="center">✓ ✓ ✓</p>			<p>Internal Audit Charter Local code of Corporate Governance Code of Conduct for Employees</p> <p>Internal Audit Manual</p>	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<p>Confidentiality Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>a) Acting prudently when using information acquired in the course of their duties and protecting that information?</p> <p>b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?</p>	<p align="center">✓</p> <p align="center">✓</p>			<p>Internal Audit Charter Local code of Corporate Governance Code of Conduct for Employees Data protection policy Freedom of information Records Management Plan</p> <p>Internal Audit Manual</p>	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<p>Competency Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>a) Only carrying out services for which they have the necessary knowledge, skills and experience?</p> <p>b) Performing services in accordance with the PSIAS?</p> <p>c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?</p>	<p>✓</p> <p>✓</p> <p>✓</p>			<p>Internal Audit Charter Financial Regulations</p> <p>Internal Audit Manual Training plans CPD</p>	
	<p>Do internal auditors have regard to the Standards of Public Life's <i>Seven Principles of Public Life</i>?</p>	<p>✓</p>			<p>Internal Audit Charter Local code of Corporate Governance Code of Conduct for Employees</p> <p>Internal Audit Manual</p>	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	Standards					
3	Code of Ethics					
3.1	1000 Purpose, Authority and Responsibility					
	Does the internal audit charter include a formal definition of: a) the purpose b) the authority, and c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	✓ ✓ ✓			Internal Audit Charter Financial Regulations Annual Internal Audit report and opinion Internal Audit Manual	Note: Financial Regulations currently subject to review and update by the Director of Finance & HR.
LGAN	Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.	✓			Internal Audit Charter Internal Audit Manual	
	Does the internal audit charter also: a) Set out the internal audit activity's position within the organisation?	✓			Internal Audit Charter Financial Regulations Counter Fraud Strategy PSIAS report Annual Internal Audit report and opinion	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

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

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	the entire control environment of the organisation? h) Identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the Accounts and Audit (England) Regulations 2011? i) Establish the organisational independence of internal audit? j) Cover the arrangements for appropriate resourcing? k) Define the role of internal audit in any fraud-related work? l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety? m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit	 ✓ ✓ ✓ ✓ ✓			Scottish equivalent the Local Authority Accounts (Scotland) Regulations 2014. Local Authority Accounts Regulations 2014	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	activities? n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation? o) Define the nature of consulting services? p) Recognise the mandatory nature of the PSIAS?	✓ ✓ ✓			PSIAS report	
	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	✓			Internal Audit Charter Audit & Standards Committee Agendas and Minutes	
	Does the CAE attend audit committee meetings?	✓			Audit & Standards Committee Agendas and Minutes	
	Does the CAE contribute to audit committee agendas?	✓			Audit & Standards Committee Agendas and Minutes	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
3.2	1100 Independence and Objectivity					
	Does the CAE have direct and unrestricted access to senior management and the board?	✓			Financial Regulations Internal Audit Charter Internal Audit is geographically based in the HQ building at 131 St Vincent Street on the 6 th floor. Co-located with the senior management team.	
	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	✓			Financial Regulations Internal Audit Charter Internal Audit is geographically based in the HQ building at 131 St Vincent Street on the 6 th floor. Co-located with the senior management team.	
	Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	✓ ✓ ✓ ✓			Internal Auditors identify any actual or perceived conflict and report them to the Audit & Assurance manager. Internal Audit Charter Internal Audit Manual	
	<i>1110 Organisational Independence</i>					
	Does the CAE report to an organisational level equal or higher to the corporate management team?	✓			Financial Regulations Internal Audit Charter Internal Audit Manual	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
LGAN	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓			Financial Regulations Internal Audit Charter Internal Audit Manual	
LGAN	Have reporting and management arrangements been put in place that preserves the CAE's independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority.	✓			Financial Regulations Internal Audit Charter Internal Audit Manual	
LGAN	Does the CAE's position in the management structure: a) Reflect the influence he or she has on the control environment? b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? c) Ensure that he or she is sufficiently senior and	✓ ✓ ✓			Financial Regulations Internal Audit Charter The Internal Audit Plan is agreed with the Strategy Group and presented to the Audit and Standards Committee. Internal Audit reports, including action plans, are cleared with the relevant Director/ACE, prior to issue. The Strategy Group also considers all Internal Audit reports (in full) prior to reporting to the Audit and Standards Committee. Audit and Standards committee terms of reference Internal Audit Manual	

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Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	independent to be able to provide credibly constructive challenge to senior management?					
	<p>Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent?</p> <p>The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity:</p> <p>The board:</p> <p>a) approves the internal audit charter</p> <p>b) approves the risk-based audit plan</p> <p>c) approves the internal audit budget and resource plan</p> <p>d) receives communications from the CAE on the activity's performance (in relation to the plan for example)</p> <p>e) approves decisions relating to the appointment and removal</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>			<p>Annual Internal Audit report and opinion</p> <p>A&S Committee papers</p> <p>Internal Audit Plan</p> <p>Mid-year progress report</p>	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	of the CAE f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓				
	Does the chief executive or equivalent undertake, Countersign, contribute feedback to or review the performance appraisal of the CAE?	✓			Performance appraisal of CAE by the ACE (Business Support)	
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	✓			Correspondence with ACE (Business Support)	
	<i>1111 Direct Interaction with the Board</i>					
	Does the CAE communicate and interact directly with the board?	✓			Audit & Standards Committee Agendas and Minutes	
	<i>1120 Individual Objectivity</i>					
	Do internal auditors have an impartial, unbiased attitude?	✓			Internal Audit Charter Internal Audit Manual	
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			Internal Audit Charter Code of Conduct for Employees Internal Audit Manual	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>1130 Impairment to Independence or Objectivity</i>					
	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?				N/A. Internal Audit Charter	
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?			✓	No member of the Audit and Assurance team has worked in another service within SPT.	
	If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?				N/A. CAE and the Audit and Assurance team do not have operational responsibility for other services. Internal Audit Charter	

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Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
LGAN	Are assignments for on-going assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	✓			Yes, engagements are rotated periodically within the Audit and Assurance team.	
LGAN	Have internal auditors declared interests in accordance with organisational requirements?	✓			Code of Conduct for Employees The register of interests is maintained by the ACE (Business Support)	
LGAN	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?	✓			Code of Conduct for Employees 'Employees should treat with caution any offer of gifts, hospitality or favour made to them. The person or organisation making the offer may be doing or seeking to do business with the Partnership or seeking a decision from the officer which is favourable to them.' 'The acceptance of hospitality should be properly authorised by the appropriate Head of Department, Director or ACE. The register of all gifts and hospitality offered and received or declined is maintained by the ACE (Business Support).'	
LGAN	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?			✓	None.	
LGAN	Have internal auditors	✓			Internal Audit Charter	

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Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?				Code of Conduct for Employees	
LGAN	Have internal auditors complied with the Bribery Act 2010?	✓			Counter Fraud Strategy	
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?			✓	N/A. None has arisen.	
	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	✓			Internal Audit Plan has an allocation for consulting activities. Any significant change is reported to the Audit and Standards Committee. Annual Internal Audit report and opinion	

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Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
3.3	1200 Proficiency and Due Professional Care					
	<i>1210 Proficiency</i>					
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			Professional Accountancy Qualification	
	Is the CAE suitably experienced?	✓			Post holder has extensive public sector experience.	
LGAN	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			Yes, but no turnover in recent years.	
LGAN	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	✓			Job descriptions for Audit and Assurance posts.	
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies	✓			Annual training plans and CPD.	QAIP 2016/17

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	required to perform its responsibilities?					
	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities; does the CAE obtain competent advice and assistance?	✓			Internal Audit Plan Internal Audit Manual Liaise and network with other local authorities/service providers. Professional networks (i.e. CIPFA, IIA, ACCA, CIMA).	QAIP 2016/17
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓			Annual training plans and CPD. Team meetings, publications and library information.	
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓			Annual training plans and CPD. Team meetings, publications and library information. Liaise and network with other local authorities/service providers.	
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	✓			Annual training plans and CPD. Team meetings, publications and library information. Liaise and network with other local authorities/service providers. SLACIAG computer audit sub-group.	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>1220 Due Professional Care</i>					
	<p>Do internal auditors exercise due professional care by considering the:</p> <p>a) Extent of work needed to achieve the engagement’s objectives? ✓</p> <p>b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? ✓</p> <p>c) Adequacy and effectiveness of governance, risk management and control processes? ✓</p> <p>d) Probability of significant errors, fraud, or non-compliance? ✓</p> <p>e) Cost of assurance in relation to potential benefits? ✓</p>				<p>Internal Audit Charter</p> <p>Internal Audit Plan</p> <p>Assurance framework</p> <p>Internal Audit Manual</p> <p>Analysis of these factors takes place in the planning/ programme/findings and reporting of each assurance engagement.</p>	
	<p>Do internal auditors exercise due professional care during a consulting engagement by considering the:</p> <p>a) Needs and expectations of clients, ✓</p>				<p>Internal Audit Charter</p> <p>Internal Audit Plan</p> <p>Assurance framework</p> <p>Internal Audit Manual</p>	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	including the nature, timing and communication of engagement results? b) Relative complexity and extent of work needed to achieve the engagement's objectives? c) Cost of the consulting engagement in relation to potential benefits?	✓			Analysis of these factors takes place in the planning/ programme/findings and reporting of each consulting engagement.	
	<i>1230 Continuing Professional Development</i>					
LGAN	Has the CAE defined the skills and competencies for each level of auditor?	✓			Job description/person specification for each position. CIPFA guidance – An excellent Internal Auditor Training plans/CPD	
LGAN	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓			Job description/person specification for each position. CIPFA guidance – An excellent Internal Auditor Training plans/CPD	
	Do internal auditors undertake a programme of continuing professional development?	✓			Training plans/CPD. Each auditor is responsible for their own CPD to meet the requirements of their own professional body.	QAIP 2016/17
	Do internal auditors maintain a record of their professional development and training activities?	✓			Training funded/provided by SPT; records held centrally. Training plans/CPD.	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
3.4	1300 Quality Assurance and Improvement Programme					
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	✓			Post engagement appraisals are used to inform programme. An annual self-assessment exercise is also completed using the CIPFA Application Note.	
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	✓			An annual self-assessment exercise is also completed using the CIPFA Application Note. QAIP 2016/17	
	Does the CAE maintain the QAIP?	✓			QAIP 2016/17	
LGAN	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 s.6(3)?			✓	N/A.	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>1310 Requirements of the Quality Assurance and Improvement Programme</i>					
	Does the QAIP include both internal and external assessments?	✓			An annual self-assessment exercise is also completed using the CIPFA Application Note. Annual Internal Audit report and opinion External Assessment report.	
	<i>1311 Internal Assessments</i>					
LGAN	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			Job description/person specification for each position. CIPFA guidance – An excellent Internal Auditor Training plans/CPD	
	Do internal assessments include on-going monitoring of the internal audit activity such as: a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	✓ ✓			All work is subject to on-going supervision and quality review. 4.6 Review sheet included in each engagement file. 1.3 Post engagement appraisal. Annual Internal Audit report and opinion	
LGAN	Does on-going performance monitoring include comprehensive performance targets?	✓			Mid-year progress reports Annual Internal Audit report and opinion Monthly team meetings. Regular meetings with ACE (Business Support)	
LGAN	Are the performance targets developed in consultation with	✓			Mid-year progress reports Annual Internal Audit report and opinion Performance targets set by ACE (Business Support), Chief	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	appropriate parties and included in any service level agreement?				Executive, Chair of Audit and Standards committee, and Audit and Standards committee.	
LGAN	Does the CAE measure, monitor and report on progress against these targets?	✓			Annual Internal Audit report and opinion Mid-year progress reports Monthly team meetings. Regular meetings with ACE (Business Support).	
LGAN	Does on-going performance monitoring include obtaining stakeholder feedback?	✓			Post engagement appraisals are a fundamental part of performance monitoring.	
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisors, etc.	✓			Annual self-assessments are carried out by Audit and Assurance Manager by utilising the CIPFA Local Government Application Note. Annual Internal Audit report and opinion Mid-year progress reports External assessment report	
LGAN	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement	✓			Internal Audit Plan Mid-year progress report Annual Internal Audit report and opinion Progress reports discussed with senior management throughout	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	of its aims and objectives?				year.	
	<i>1312 External Assessments</i>					
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			External assessment outline report External Audit - Annual report 2015-16	
LGAN	Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?	✓			External assessment outline report	
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?	✓			External assessment outline report	
LGAN	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?	✓			External assessment outline report Engagement letter	
	Has the CAE agreed the scope of the external	✓			External assessment outline report Engagement letter	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	assessment with the external assessor or assessment team?					
	<p>Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?</p> <p>Competence can be determined in the following ways:</p> <p>a) experience gained in organisations of similar size</p> <p>b) complexity</p> <p>c) sector (i.e. the public sector)</p> <p>d) industry (i.e. local government), and</p> <p>e) technical experience.</p> <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>	✓			<p>External assessment outline report</p> <p>Engagement letter</p>	
	How has the CAE used his or her professional	✓			<p>External assessment outline report</p> <p>Engagement letter</p>	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?					
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.	✓			External assessment outline report Engagement letter	
	<i>1320 Reporting on the Quality Assurance and Improvement Programme</i>					
	Has the CAE reported the results of the QAIP to senior management and the board? Note that: a) the results of both external and periodic internal assessment must be communicated upon completion b) the results of on-going	✓			Annual Internal Audit report and opinion	

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Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	monitoring must be communicated at least annually c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.					
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓			Mid-year progress report Annual Internal Audit report and opinion Internal Audit Plan Annual self-assessment and QAIP	
	<i>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</i>					
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓			Mid-year progress report Annual Internal Audit report and opinion Foreword in Audit and Assurance reports	
	<i>1322 Disclosure of Non-conformance</i>					

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			Annual Internal Audit report and opinion All Internal Audit reports indicate that work is conducted in conformance with the PSIAS.	
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓			No significant deviations. Annual Governance Statement 2015-16	
4	Performance Standards					
4.1	2000 Managing the Internal Audit Activity					
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	✓			Internal Audit Charter Mid-year progress report Annual Internal Audit report and opinion	
	Does the internal audit activity conform with the <i>Definition of Internal Auditing and the Standards</i> ?	✓			Internal Audit Charter Internal Audit Manual	
	Do individual internal auditors, who are part of the internal audit activity,	✓			Internal Audit Charter Code of Conduct for Employees Internal Audit Manual	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	demonstrate conformance with the Code of Ethics and the Standards?				All individuals within the Internal audit team are members of professional bodies and are required to maintain CPD and adhere to professional standards.	
	Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance? b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	✓ ✓			Internal Audit Charter Assurance framework External Audit - Annual report 2015-16 Internal Audit Manual	
	<i>2010 Planning</i>					
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	✓			Assurance framework Corporate Risk Register Internal Audit Plan Internal Audit universe	
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			Internal Audit Charter Internal Audit Plan Annual Internal Audit report and opinion.	
	Does the risk-based plan take into account the	✓			Assurance framework Internal Audit Plan	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	organisation's assurance framework?				Internal Audit Manual Audit universe	
	Does the risk-based plan incorporate or is it linked to a strategic or high level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	✓ ✓ ✓			Internal Audit Charter Financial Regulations Internal Audit Plan Annual Internal Audit report and opinion Corporate Risk Register Assurance framework Internal Audit Manual Audit universe	
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			Internal Audit Plan A&S Committee papers Internal Audit Manual Audit universe	
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	✓			Internal Audit Plan Assurance framework Corporate Risk Register Risk Management Strategy Internal Audit Manual Audit universe	
	If such a risk	✓			Assurance framework	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?				Corporate Risk Register Risk Management Strategy	
LGAN	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	✓ ✓ ✓			Internal Audit Plan	
LGAN	Does the risk-based plan differentiate between audit and other types of work?	✓			Internal Audit Plan	
LGAN	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓			Internal Audit Plan The plan includes contingency allocations and is subject to review throughout the year.	
	Does the CAE review the plan on a regular basis and has he or she	✓			Internal Audit Plan A&S Committee papers Mid-year progress report	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?				Annual Internal Audit report and opinion The plan is subject to review throughout the year, with amendments reported to the Audit & Standards Committee.	
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓			Assurance framework Corporate Risk Register Risk Management Strategy Internal Audit Manual Audit universe Corporate and operational risks are assessed and used in engagement planning.	
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓			Assurance framework Corporate Risk Register Risk Management Strategy Internal Audit Manual Audit universe CIPFA control matrices	
LGAN	In developing the risk-based plan, has the CAE also considered the following: a) Any declarations of interest (for the avoidance for conflicts of interest)? b) The requirement to use	✓ ✓			Internal Audit Plan	QAIP 2016/17

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	specialists, e.g. IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	✓ ✓				
	Is the input of senior management and the board considered in the risk assessment process?	✓			Internal Audit Charter Internal Audit Plan Internal Audit Manual	
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓			Internal Audit Charter Internal Audit Plan Annual Internal Audit report and opinion Internal Audit Manual	
	Does the CAE take into consideration any proposed consulting	✓			Internal Audit Plan All proposed consulting activity work is considered before it is	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	engagement’s potential to improve the management of risks, to add value and to improve the organisation’s operations before accepting them?				accepted.	
	Are consulting engagements that have been accepted included in the risk-based plan?	✓			Internal Audit Plan	
	<i>2020 Communication and Approval</i>					
	Has the CAE communicated the internal audit activity’s plans and resource requirements to senior management and the board for review and approval?	✓			Internal Audit Plan Mid-year progress report	
	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓			Internal Audit Plan Mid-year progress report Annual Internal Audit report and opinion Note: Changes are detailed in annual IA report and opinion.	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓			Annual Internal Audit report and opinion	
	<i>2030 Resource Management</i>					
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓			Internal Audit Plan	
LGAN	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	✓			Discussed at Internal audit planning meetings and progress reports throughout the year. Team meetings Meetings with ACE (Business Support)	
LGAN	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource	✓			Internal Audit Plan Annual Internal Audit report and opinion	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.					
	<i>2040 Policies and Procedures</i>					
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓			Internal Audit Charter Internal Audit Manual	
LGAN	Has the CAE established policies and procedures to guide staff in performing their duties in a manner than conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.	✓			Internal Audit Manual e-working papers	
LGAN	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	✓			Internal Audit Manual.	
	<i>2050 Coordination</i>					
	Does the risk-based plan include the approach to	✓			Local code of Corporate Governance Assurance framework	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	using other sources of assurance and any work that may be required to place reliance upon those sources?				Internal Audit Plan Annual Internal Audit report and opinion	
LGAN	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	✓			Assurance framework Internal Audit Manual Audit universe	
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	✓			Assurance framework External Audit - Interim report 2015-16 Regular correspondence with external auditors.	
LGAN	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	✓			External Audit - Interim report 2015-16 Regular correspondence with external auditors.	
	<i>2060 Reporting to Senior Management and the Board</i>					
	Does the CAE report periodically to senior management and the	✓			Internal Audit Plan Mid-year progress report Annual Internal Audit report and opinion	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?				Internal Audit Manual Regular meetings with ACE (Business Support)	
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	✓			Audit and Standards Committee agendas and minutes Internal Audit Charter Internal Audit Manual	
	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	✓			Audit and Standards Committee agendas and minutes Internal Audit Charter Internal Audit Manual	
	<i>2070 External Service Provider and Organisational</i>					

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>Responsibility for Internal Auditing</i>					
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?				N/A.	
4.2	2100 Nature of Work					
	Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	✓			Internal Audit Charter Annual Internal Audit report and opinion Audit and Standards Committee agendas and minutes Internal Audit Manual	
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	✓			Internal Audit Charter Annual Internal Audit report and opinion Audit and Standards Committee agendas and minutes Internal Audit Manual	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>2110 Governance</i>					
	<p>Does the internal audit activity:</p> <p>a) Promote appropriate ethics and values within the organisation?</p> <p>b) Ensure effective organisational performance management and accountability?</p> <p>c) Communicate risk and control information to appropriate areas of the organisation?</p> <p>d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>			<p>Through the completion of the Internal Audit Plan and communication of engagement findings to the Strategy Group, Audit and Standards committee and other stakeholders.</p> <p>Local code of Corporate Governance Annual Internal Audit report and opinion A&S Committee papers</p> <p>Internal Audit pages on intranet Wallpaper and intranet articles Internal Audit Manual</p>	
	Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	✓			<p>Internal Audit Charter</p> <p>Audit and Standards Committee agendas and minutes</p> <p>Internal Audit Manual</p>	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	✓ ✓ ✓			Internal Audit Charter Employees Code of conduct Local code of Corporate Governance Internal work is informed by SPT's objectives, policies and governance arrangements.	
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	✓			Internal Audit Plan Local code of Corporate Governance External Audit - Annual report 2015-16 Internal Audit Manual Audit universe	
LGAN	Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan?	✓			Internal Audit Plan Internal Audit Manual Audit universe	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>2120 Risk Management</i>					
	<p>Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that:</p> <p>a) Organisational objectives support and align with the organisation's mission?</p> <p>b) Significant risks are identified and assessed?</p> <p>c) Appropriate risk responses are selected that align risks with the organisation's risk appetite?</p> <p>d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>			<p>Internal Audit Plan.</p> <p>Assurance framework</p> <p>Corporate Risk Register</p> <p>Risk Management Strategy</p> <p>Internal Audit Manual</p> <p>Audit universe</p>	
	Has the internal audit activity evaluated the risks relating to the				<p>Internal Audit Plan.</p> <p>Assurance framework</p> <p>Corporate Risk Register</p>	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓ ✓ ✓ ✓ ✓			Risk Management Strategy Internal Audit Manual Audit universe	
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	✓			Internal Audit Plan. Assurance framework Corporate Risk Register Risk Management Strategy Counter Fraud Strategy Internal Audit Manual Audit universe	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓			Internal Audit Plan Corporate Risk Register Risk Management Strategy Internal Audit Manual Use of Risk Identifiers (CIPFA Matrices)	
	Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓			Risks are determined and reported in engagement communications.	
	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	✓			Internal Audit Charter Internal Audit Manual	
	<i>2130 Control</i>					
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the:				Internal Audit Plan Assurance framework Annual Internal Audit report and opinion.	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓ ✓ ✓ ✓ ✓				
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓			Internal Audit Plan Assurance framework Annual Internal Audit report and opinion. Internal Audit Manual Audit universe	
4.3	2200 Engagement Planning					
	Do internal auditors develop and document a plan for each engagement?	✓			Internal Audit Plan Engagement Plan Internal Audit Manual	
	Does the engagement plan include the engagement's:				Engagement Plan Internal Audit Manual	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	a) Objectives? b) Scope? c) Timing? d) Resource allocations?	✓ ✓ ✓ ✓				
	Do internal auditors consider the following in planning an engagement, and is this documented: a) The objectives of the activity being reviewed? b) The means by which the activity controls its performance? c) The significant risks to the activity being audited? d) The activity's resources? e) The activity's operations? f) The means by which the potential impact of risk is kept to an acceptable level? g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model? h) The opportunities for making significant	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓			Internal Audit Plan Internal Audit Manual Engagement plan Use of Risk Identifiers (CIPFA Matrices)	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	improvements to the activity's governance, risk management and control processes?					
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?	✓			Work for SCTSJC agreed with secretary Internal Audit Manual	
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following:				Internal Audit Plan Internal Audit Manual Engagement plan	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	a) Objectives? b) Scope? c) The respective responsibilities of the internal auditors and the client and other client expectations?	✓ ✓ ✓				
	For significant consulting engagements, has this understanding been documented?	✓			Internal Audit Plan Internal Audit Manual Engagement plan	
	<i>2210 Engagement Objectives</i>					
	Have objectives been agreed for each engagement?	✓			Internal Audit Charter Internal Audit Plan Engagement plan	
	Have internal auditors carried out a preliminary risk assessment of the activity under review?	✓			Engagement plan Assurance framework Corporate Risk Register Risk Management Strategy Risk(s) identified in engagement programme.	
	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	✓			Engagement plan Assurance framework Corporate Risk Register Risk Management Strategy	
	Have internal auditors considered the probability of the following, when developing the engagement objectives:				Internal Audit Plan Engagement plan Use of Risk Identifiers (CIPFA Matrices)	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?	✓ ✓ ✓ ✓				
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?	✓			Assurance framework Evaluation matrix Annual Internal Audit report and opinion Annual Governance Statement 2015-16	
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓			Assurance framework Evaluation matrix Annual Internal Audit report and opinion	
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?	✓			Evaluation matrix Annual Internal Audit report and opinion	
LGAN	If the value for money criteria has been referred to, has the use of all the organisation's main types	✓			Internal Audit plan 2015-16	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	of resources been considered; including money, people and assets?					
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	✓			Internal Audit Plan Internal Audit Manual Engagement plan	
	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	✓			Internal Audit Plan Internal Audit Manual	
	<i>2220 Engagement Scope</i>					
	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	✓			Engagement plan details scope and objectives.	
	Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems? b) Records? c) Personnel? d) Premises?	✓ ✓ ✓ ✓			Internal Audit Charter All engagements will consider these areas. Engagement file index.	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate: a) Systems? b) Records? c) Personnel? d) Premises?	✓ ✓ ✓ ✓			Example contract audit engagements	
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	✓			Internal Audit Plan Internal Audit Manual Audit universe Engagement plan	
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?	✓			Internal Audit Plan Internal Audit Manual Audit universe Engagement plan	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	✓			Internal Audit Plan Engagement plan	
	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?	✓			Internal Audit Plan Engagement plan Internal Audit Manual Same stationery as assurance engagements.	
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	✓			Internal Audit Plan Engagement plan Same stationery as assurance engagements.	
	During consulting engagements, were internal auditors alert to any significant control issues?	✓			Internal Audit Plan Engagement plan Internal Audit Manual. Same stationery as assurance engagements.	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>2230 Engagement Resource Allocation</i>					
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?	✓ ✓ ✓			Internal Audit Plan Engagement plan	
	<i>2240 Engagement Work Programme</i>					
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			Internal Audit Manual Standard engagement stationery CIPFA Control Matrices	
	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	✓ ✓ ✓ ✓			Internal Audit Manual Standard engagement stationery CIPFA Control Matrices	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	Were work programmes approved prior to implementation for each engagement?	✓			Internal Audit Manual Standard engagement stationery CIPFA Control Matrices	
	Were any adjustments required to work programmes approved promptly?	✓			Any issues arising are addressed and the work programme is adjusted.	
4.4	2300 Performing the Engagement					
	Have internal auditors carried out the following in order to achieve each engagement's objectives: a) Identify sufficient information? b) Analyse sufficient information? c) Evaluate sufficient information? d) Document sufficient information?	✓ ✓ ✓ ✓			Internal Audit Manual Standard engagement stationery CIPFA Control Matrices	
	<i>2310 Identifying Information</i>					
	Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information?	✓ ✓			Internal Audit Manual Standard engagement stationery CIPFA Control Matrices	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	c) Relevant information? d) Useful information?	✓ ✓				
	<i>2320 Analysis and Evaluation</i>					
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	✓			Evaluation matrix Internal Audit Manual Standard engagement stationery CIPFA Control Matrices	
LGAN	Have internal auditors remained alert to the possibility of the following: a) intentional wrongdoing b) errors and omissions c) poor value for money d) failure to comply with management policy, and e) conflicts of interest when performing their individual audits, and has this been documented?	✓ ✓ ✓ ✓ ✓			Internal Audit Manual Standard engagement stationery CIPFA Control Matrices Internal Auditors are trained and experienced on these issues.	
	<i>2330 Documenting Information</i>					
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			Internal Audit Manual Standard engagement stationery	
LGAN	Are working papers sufficiently complete and detailed to enable another	✓			Internal Audit Manual Standard engagement stationery	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	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?					
	Does the CAE control access to engagement records?	✓			IT access controls in place. Manual records. Records retention schedule.	
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	✓			Publication scheme Report Foreword.	
	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			Records Management Policy Records Management Plan Records retention schedule	
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓			Records Management Policy Records Management Plan Records retention schedule	QAIP 2016/17

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>2340 Engagement Supervision</i>					
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			Internal Audit Manual Standard engagement stationery 4.6 Engagement review	
	Is appropriate evidence of supervision documented and retained for each engagement?	✓			Internal Audit Manual Standard engagement stationery 4.6 Engagement review	
4.5	2400 Communicating Results					
	Do internal auditors communicate the results of engagements?	✓			Internal Audit Charter Annual Internal Audit report and opinion Audit and Standards Committee agendas and minutes Internal Audit Manual	
	<i>2410 Criteria for Communicating</i>					
	Do the communications of engagement results include the following: a) The engagement's objectives? b) The scope of the engagement? c) Applicable conclusions?	✓ ✓ ✓			Internal Audit Charter Annual Internal Audit report and opinion Audit and Standards Committee agendas and minutes Internal Audit Manual	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	d) Recommendations and action plans, if appropriate?	✓				
LGAN	Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	✓			Internal Audit Charter Internal Audit Manual Standard engagement stationery 4.2 Notes form clearance meeting	
LGAN	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓			Internal Audit Manual Standard engagement stationery recommendations are prioritised: High: A fundamental control issue that should be addressed as soon as possible. Medium: An important control issue that should be addressed as a priority within three months. Low: An issue which is not fundamental but would improve overall control.	
LGAN	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			Internal Audit Charter Internal Audit Manual Standard engagement stationery	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
LGAN	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?	✓			Internal Audit Charter Internal Audit Manual Standard engagement stationery 4.2 Notes form clearance meeting Any residual risks are reported and included in engagement communications.	
LGAN	Do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements?	✓			Internal Audit Charter Internal Audit Manual Standard engagement stationery	
LGAN	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment?	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Internal Audit Manual	
	When an opinion or conclusion is issued, are the expectations of senior	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	management, the board and other stakeholders taken into account?				Internal Audit Manual	
	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Internal Audit Manual	
	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Internal Audit Manual	
	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	✓			A&S Committee papers Publication scheme The Re-use of Public sector information regulations 2015 All reports are subject to Fol legislation. Reports to the Audit and Standards committee are available via SPT website.	
LGAN	If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility	✓			Strathclyde Concessionary Travel Joint Committee SPT Corporate Information Strathclyde Partnership for Transport Annual Internal Audit report and opinion	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	is to the management of the organisation to which they are obliged to provide internal audit services?					
	<i>2420 Quality of Communications</i>					
	Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	✓ ✓ ✓ ✓ ✓ ✓ ✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Internal Audit Manual	
	<i>2421 Errors and Omissions</i>					
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Internal Audit Manual	
	<i>2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal</i>					

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>Auditing'</i>					
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	✓			Internal Audit Charter Annual Internal Audit report and opinion Internal Audit Manual Report foreword	
	<i>2431 Engagement Disclosure of Non conformance</i>					
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?				N/A.	
	<i>2440 Disseminating Results</i>					

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			Internal Audit Charter Annual Internal Audit report and opinion Internal Audit Manual	
	Has the CAE communicated engagement results to all appropriate parties?	✓			Internal Audit Charter Annual Internal Audit report and opinion Internal Audit Manual	
	Before releasing engagement results to parties outside the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?	✓ ✓ ✓			Yes, reports disseminated in accordance with organisational arrangements. A&S Committee papers Publication scheme The Re-use of Public sector information regulations 2015	
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓			Internal Audit Charter Annual Internal Audit report and opinion Internal Audit Manual	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	<i>2450 Overall Opinion</i>					
	Has the CAE delivered an annual internal audit opinion?	✓			Internal Audit Charter Annual Internal Audit report and opinion Internal Audit Manual	
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Annual Governance Statement 2015-16 Internal Audit Manual	
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Annual Governance Statement 2015-16 Internal Audit Manual	
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Internal Audit Manual	
	Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all	✓ ✓ ✓			Assurance framework Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Internal Audit Manual	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓				
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Internal Audit Manual	
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓			Annual Internal Audit report and opinion Annual Governance Statement 2015-16	
LGAN	Does the annual report incorporate the following:				Annual Internal Audit report and opinion Annual Governance Statement 2015-16	
LGAN	a) The annual internal audit opinion?	✓				
LGAN	b) A summary of the work that supports the opinion?	✓				
LGAN	c) A disclosure of any qualifications to the opinion?	✓				
LGAN	d) The reasons for any qualifications to the opinion?	✓				
LGAN	e) A disclosure of any impairments or restriction	✓				

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	in scope? f) A comparison or work actually carried out with the work planned? g) A statement on conformance with the PSIAS? h) The results of the QAIP? i) Progress against any improvement plans resulting from the QAIP? j) A summary of the performance of the internal audit activity against its performance measures and targets? k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	✓ ✓ ✓ ✓ ✓ ✓				
4.6	2500 Monitoring Progress					
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have	✓			Internal Audit Charter Annual Internal Audit report and opinion Engagement follow-up reports Internal Audit Manual Client Assurance statements	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	accepted the risk of not taking action?					
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓			Internal Audit Charter Annual Internal Audit report and opinion Engagement follow-up reports Internal Audit Manual Client Assurance statements	
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	✓			Internal Audit Charter Annual Internal Audit report and opinion Engagement follow-up reports Internal Audit Manual Client Assurance statements	
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓			Internal Audit Charter Annual Internal Audit report and opinion Internal Audit Manual	
4.7	2600 Communicating the Acceptance of Risks					
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion Included in engagement reports (where appropriate).	
	If, after discussion with senior management, the CAE continues to	✓			Internal Audit Charter Evaluation matrix Annual Internal Audit report and opinion	

Checklist for assessing conformance with the PSIAS and the Local Government Application Note

Ref	Conformance with the Standard	Y	P	N	Evidence	Action Plan
	conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?				Included in engagement reports (where appropriate).	



**Audit and Assurance
PSIAS self-assessment**

Quality Assurance and Improvement Plan (QAIP) 2016/17

PSIAS checklist reference (Appendix 1 page(s))	Area for Improvement	Action(s)	Lead Officer	Timescale
<i>1210 Proficiency (see pages 17 and 18 of checklist)</i> <i>1230 Continuing Professional Development (CPD) (see page 20 of checklist)</i>	Skills, knowledge and continuous professional development (CPD) of Audit and Assurance team	Implement training plan 2016/17 / continue to identify areas to enhance service delivery	Audit and Assurance manager	On-going/ March 2017
<i>2010 Planning (see page 32 of checklist)</i>	Review and where appropriate enhance current data analytics arrangements.	Data analytics currently used (e.g. NFI, system reports, etc.) Review cost/benefit of additional IT software and option appraisal.	Audit and Assurance manager	On-going/ March 2017
<i>2330 Documenting information (see page 56 of checklist)</i>	In accordance with SPT's transition to paperless offices, review the retention of files/records.	Continue to review engagement files in line with SPT policy	Audit and Assurance manager	On-going/ March 2017