



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

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

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

Consolidated Checklist for Surrey Heath BC Completed – Oct 2023

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Completed by:	Alex Middleton Surrey Heath Borough Council
Document Owner:	Alex Middleton Surrey Heath Borough Council

Summary of Responses:	Count:
Yes	168
Partial	16
No	4
N/A	0
Total	188

Areas of Partial Compliance:

Our Ref # 9 LGAN 1

Our ref #10 LGAN 3 (d)

Our ref #10 LGAN 7 (o)

Our ref #11

Our ref #21 (e)

Our ref #23

Our ref #24 1112

Our ref #30 LGAN 11

Our ref #45

Our ref #53

Our ref #63 LGAN 26

Our ref #113 LGAN 39

Our ref #122 (a)

Our ref #122 (b)

Our ref #122 (c)

Our ref #124 LGAN 40

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
1	1	Definition of Internal Auditing				
		Using evidence gained from assessing conformance with other Standards, is the internal audit activity:				
		a) Independent?	✓			The position of IA is covered off in the Audit Charter (sections 6 and 7). It's also covered off in the Audit Manual. Reporting lines are mapped in the Audit Chart. IA has unrestricted access, reports sent out in its own

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						<p>name, and is separated from line operations. IA operates without bias and without any undue influence from Members or management. Objectivity and independence are also reported to Members annually at committee</p> <p>Evidence – Audit Charter Audit Manual Annual Effectiveness Report to A&S committee Audit Chart</p>
		b) Objective?	✓			<p>As 1a above</p> <p>Evidence – Audit Charter Audit Manual Annual Effectiveness Report to A&S committee</p>
2		Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓			<p>Standard methodology agreed with management and Members. Reported annually to A&S committee. Flowchart of audit work programme used. Standard set of working papers used for each audit. Terms of reference drafted for each audit assignment from the Annual Plan which outline risks and control objectives. Each test outlines risk and controls and recorded on test front sheets. Risks for each audit are agreed with client at</p>

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	2	Code of Ethics				
3		Integrity Using evidence gained from assessing conformance with other Standards, do internal auditors:				
		a) Perform their work with honesty, diligence and responsibility?	✓			Covered off in Audit Manual (section 5,7,15). Work is carried out with Due Professional care. Council's Code of Conduct also covers standards required by all staff. Evidence Audit Manual Council Code of Conduct Feedback from Appraisals as well as feedback from Members and senior management
		b) Observe the law and make disclosures expected by the law and the profession?	✓			Included in Audit Manual and Charter as well as Council Code of Conduct and various HR policies and procedures. Periodic Training on legal and legislation – eg. safeguarding, GDPR, H&S,

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						Standards etc Disclosures dealt with by Declaration of Interests and Gifts and Hospitality Register submissions Evidence – Manual and Charter, HR policies, Code of Conduct
		c) Not knowingly partake in any illegal activity nor engage in in acts that are discreditable to the profession of internal auditing or to the organisation?	✓			Covered by the various Council policies that all staff are required to abide by including Data Protection, Antu Fraud, Anti Bribery and Money Laundering, IT Security policies. Adherence to Code of Conduct and other HR policies Evidence - Audit Manual and Charter Staff Code of Conduct
		d) Respect and contribute to the legitimate and ethical objectives of the organisation?	✓			Covered off in Manual and Charter Adherence to the Council’s Annual Plan as well as 5 Year Strategy which cover the Core Values of the Council – learning, delivering results, proud to service, customer focus. Evidence Code of Conduct, Manual and Charter, Council Annual Plan and 5 Year Plan
4		Objectivity Using evidence gained from assessing conformance with				

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		other Standards, do internal auditors display objectivity by not:				
		a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?	✓			Covered off by Manual and Charter Code of Conduct HR policies Declaration of Interest Evidence – Manual, Charter, Code of Conduct, Declaration of Interest
		b) Accepting anything that may impair or be presumed to impair their professional judgement?	✓			Covered off in Council Gifts and Hospitality Register Code of Conduct Audit Manual and Charter
		c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	✓			Standard reporting techniques and values that have been agreed by Members and senior managers Robust exit meetings with clients Manager review of reports and working papers Evidence - Reporting section 16 in Manual Reporting section 8 in Charter
5		Confidentiality Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:				
		a) Acting prudently when using information acquired in the	✓			Covered by the Audit Charter and Manual

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		course of their duties and protecting that information?				Code of Conduct and other HR policies Auditors have also signed up to a Non-Disclosure of Information with the Council and HR policies All work to be carried out in accordance with Council's Security policies. IA have been trained on GDPR, abide by Document Retention policies, data protection and cyber security Data Sharing provisions are included in Council contracts with 3 rd parties – eg. leisure services, Joint Waste, community partnership
		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?	✓			As above.
6		Competency Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:				
		a) Only carrying out services for which they have the	✓			Covered off by Audit Manual (section 14,15) and Charter.

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		necessary knowledge, skills and experience?				<p>Scope and areas of audit coverage are detailed in the Audit Annual Plan and 3 Year Audit Strategy</p> <p>Issues to do with skills, and technical knowledge are periodically discussed at Appraisals and 1 to 1s, and training and devt needs addressed.</p> <p>Evidence – Charter, Manual, Annual Plan, 3 Year Strategy</p>
	b)	Performing services in accordance with the PSIAS?	✓			<p>Periodic review of audit work and performance against the PSIAS by IA, and any shortfalls addressed. All audit work is reviewed at end of each audit assignment.</p> <p>Reported to senior managers and Members annually at A&S committee</p>
	c)	Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?	✓			<p>Auditors maintain a training and devt log – detailing area of training, dates, and method of delivery, eg. course, webinar, on line etc.</p> <p>All mandatory training is also included inc. safeguarding, data protection, security, H&S, cyber, equalities.</p> <p>All training and devts needs discussed and action plans put in place at appraisals and 1 to 1s.</p> <p>Evidence – officer training log</p>

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7		d) Do internal auditors have regard to the Standards of Public Life's <i>Seven Principles of Public Life</i> ?	✓			Evidence - Covered in Audit Manual and Charter – including integrity, accountability, objectivity, honesty etc (reviewed in previous questions above) Reported to senior managers and Members annual at A&S committee
		Standards				
	3	Attribute Standards				
	3.1	1000 Purpose, Authority and Responsibility				
8		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)?	✓			Evidence - Covered in Audit Charter – Audit and Accounts Regulations 2011, included in definitions, responsibilities, scope and position
9	LGAN 1	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		✓		Covered in part in sections 1 and 2 of Charter although more detail could be provided to better articulate the role of

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10		the role of the board in the majority of instances.				senior management and the “Board” in relation to IA and SHBC. Action – Audit Charter to be revised to include a more robust section on the the roles of the Board and senior management
		Does the internal audit charter also:				
		a) Set out the internal audit activity’s position within the organisation?	✓			Evidence - Covered in Charter
		b) Establish the CAE’s functional reporting relationship with the board?	✓			Covered in Charter
	LGAN 2	c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively?	✓			Covered in Charter
	LGAN 3	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?		✓		Covered in part Action – Audit Charter to be revised to include a more robust section on the the roles of the Board and senior management
		e) Establish internal audit’s right of access to all records,	✓			Evidence - Section 7 of Charter

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		assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?				
	LGAN 4	f) Define the scope of internal audit activities?	✓			Evidence - Section 5
	LGAN 5	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?	✓			Section 5
	LGAN 6	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?	✓			Section 3 Reported to Members at the Annual Review of Audit Effectiveness report
	LGAN 7	i) Establish the organisational independence of internal audit?	✓			Independence is referred to in several places in the Charter, making it clear the role and purpose of the IA function
		j) Cover the arrangements for appropriate resourcing?	✓			Evidence - Last section of Charter
		k) Define the role of internal audit in any fraud-related work?	✓			Evidence - Section 9 on fraud and corruption covers this
		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?	✓			Section 9 as above details this Fraud audit is carried out each year including a review of existing policies and procedures inc. the Anti-Fraud and Corruption policy

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11		m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?	✓			Section 6.2 to 6.4 details this including the reporting arrangements that need to be made.
		n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?	✓			Although levels of assurance are addressed in section 4 of the Charter, it is covered more in the Audit Manual (section 12) IA also reports on assurance definitions annually in its Annual Report to senior management and to Members. External assurances are covered off in the contract provisions – eg. Joint waste, community services
		o) Define the nature of consulting services?		✓		Evidence - Covered in section 3 - although recognise this area could be expanded upon to make it more specific. Again this is addressed in more detail in the Annual Plan agreed by Members
		p) Recognise the mandatory nature of the PSIAS?	✓			Evidence - Section 1 of the Charter Also reported to Members in the Annual Report and Effectiveness reports
		Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?		✓		Last reviewed and revised August 2021. Gets updated when there are any major changes to the organisation or to the reporting standards. The last iteration hasn't been taken to

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						senior management or to Audit Committee for approval/adoption. Action: Following review and any updates to the Charter, present to management and the Audit Committee for agreement.
12		Does the CAE attend audit committee meetings?	✓			Yes, present at all A&S committees as well as occasional other committees as considered appropriate.
13		Does the CAE contribute to audit committee agendas?	✓			Yes, all IA related items are prepared and presented by Senior Auditor. IA also contributes to the work programme for the upcoming A&S committees.
	3.2	1100 Independence & Objectivity				
14		Does the CAE have direct and unrestricted access to senior management and the board?	✓			Evidence - Addressed at sections 6 and 8 of Charter. Also covered in Manual See also Audit Map
15		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?	✓			Evidence - Audit Map Audit Charter section 6 Operationally IA has regular meetings with CEO as well as committee briefings with Audit Chair. IA reports and work programme are

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						periodically reported to CMT/senior management
16		Are threats to objectivity identified and managed at the following levels:	✓			
		a) Individual auditor?	✓			<p>Evidence - Covered off in Audit Charter and Manual as well as Code of Conduct for all staff.</p> <p>All audit work and working papers are reviewed by IA Lead and Senior Auditor provides supervision. Work performance is dealt with at regular 1 to 1s and appraisals – where individual and team objectives have been set and are monitored and reviewed.</p>
		b) Engagement?	✓			<p>As above. Audit terms of reference help to address objectivity. Audit working papers reviewed and corrected as necessary. Auditors will not be assigned to work in areas where they have had an operational or other involvement (although this can be challenging given a small team)</p>
		c) Functional?	✓			<p>Evidence - Addressed in Charter and Manual</p> <p>Long term responsibility for an audit of a particular aspect can lead to over</p>

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						familiarity and complacency that could impair judgement, audit assignments are therefore rotated on a periodic basis
		d) Organisation?	✓			IA team avoid any conflict of interest arising from professional or personal relationships. Resisting undue influences from senior managers or from Members that could affect the impartiality of the audit. Evidence - Reporting lines have been made clear in the Audit Charter and the Audit Map
		<i>1110 Organisational Independence</i>				
17		Does the CAE report to an organisational level equal or higher to the corporate management team?	✓			Yes. Audit reports are presented to CMT and to Audit committee on a regular basis by the Senior Auditor. Operationally IA reports into the head of service, Head of Legal and Governance who is a Member of CMT and reports into CMT/CEO. Evidence Audit Map Organisational Chart
18	LGAN 8	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓			Evidence - Yes, this is highlighted in the Audit Manual and Audit

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						Charter. Operationally the Senior Auditor is able to escalate any performance issues with either external audit or the Audit Chair as necessary to ensure business objectives are able to be met.
19	LGAN 9	<p>Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity?</p> <p>This is of particular importance when the CAE is line managed by another officer of the authority.</p>	✓			<p>Evidence - Yes, covered off in the Charter and Manual.</p> <p>For example finance audits are reported into CMT and governance audits are reported into the head of finance.</p> <p>An audit paper outlining the reporting structure and flow chart of work flows was agreed by management.</p> <p>Issues of independence and objectivity were discussed with the CEO at the last round of corporate re structures.</p>
20	LGAN 10	Does the CAE's position in the management structure:				
		a) Reflect the influence he or she has on the control environment?	✓			Whilst not a head of service the Senior Auditor has been entrusted to deliver the Annual Plan and represent the IA activity on behalf of the authority with a minimum of supervision. Audit matters are reported directly into the audit committee and CMT and are

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						therefore given the good deal of autonomy and influence.
		b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the <i>board</i> ?	✓			Yes, the Audit Charter dictates this. All audit reports are presented to CMT and all key audit reports are presented directly by the Senior Auditor to committee.
		c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓			The IA team sits independently to the rest of the organisation, and the Senior Auditor as acting CAE is well respected given the 20+ years' service for the authority. The Auditor is able to fully challenge the decisions of the rest of the organisation and this can be demonstrated by the fact that the vast majority of audit reports and recommendations are agreed by management.
21		Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity:	✓			<i>Evidence - Yes, this is reported through the Audit effectiveness report which is discussed at committee annually.</i>
		The board:				

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		a) approves the internal audit charter			✓	Action. Updated Charter to be presented to a future A&S committee for agreement
		b) approves the risk-based audit plan	✓			Yes, this task is carried out annually (March /April) Evidence A&S committee reports and minutes
		c) approves the internal audit budget and resource plan	✓			Resourcing is reported in the Audit Annual Plan and 3 Year Audit Strategy and agreed by Members each year. The audit budget is part of the service budget for Legal and Corporate Governance and this is reviewed and decided at the Base Budget Review meetings. Full Council have to agree the final budget each year.
		d) receives communications from the CAE on the activity's performance (in relation to the plan, for example)	✓			The committee receive each year an Annual Audit Report which details the IA team performance, and a summary of all the audits completed in year.
		e) approves decisions relating to the appointment and removal of the CAE.		✓		The action of hiring and firing is the responsibility of the senior management team as they are responsible for managing staff and budgets. Any changes in the team structure would be notified to the Board only. Members only get involved in head of service posts and above through the

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						work of the Employment Committee.
	f)	seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓			This is discussed at most committee meetings, and actions are minuted. The CEO and senior management do have the capacity to seek additional staffing for audit on a temporary basis should it be essential.
22		Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?			✓	Appraisals and the performance of the CAE is carried out the service head and reported to HR. The Director of Finance counter signs the appraisal.
23		Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?		✓		This would be a function of the Council and the relevant head of service. Feedback is given verbally to the Chair of the committee on a periodic basis on the CAEs performance.
		<i>1111 Direct Interaction with the Board</i>				
24		Does the CAE communicate and interact directly with the board?	✓			Yes, there is direct communication at each A&S committee meeting by the Senior Auditor. The CAE attends all audit meetings. The CAE also attends pre committee briefings, and circulates information by email periodically.

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		<i>1112 Chief Audit Executive Roles Beyond Internal Auditing</i>				
		<i>Where the CAE has roles or responsibilities that fall outside of internal auditing, are adequate safeguards in place to limit impairments to independence or objectivity?</i>		✓		Evidence - Yes, this is covered off in the Audit Charter and Manual. Terms of reference would also detail any additional safeguards for additional activities undertaken. For example attendance at corporate management groups, and completion of Business Continuity Plans. IA have not put themselves in a position to undertake day to day operational work, so minimising any risk to integrity and objectivity.
		<i>1120 Individual Objectivity</i>				
25		Do internal auditors have an impartial, unbiased attitude?	✓			Evidence - Yes, covered in Audit Manual and Charter. This is reported back to Members each year in the Effectiveness report
26		Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			Yes, as 25 above Completion of Gifts and Hospitality Register and Declaration of Interests forms
		<i>1130 Impairment to Independence or Objectivity</i>				

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27		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)?	✓			No events to date – but is covered in Audit Charter and Manual.
28		Have internal auditors assessed specific operations for which they have been responsible within the previous year?	✓			No events to date but should this occur, the head of service would take on the responsibility of the Director of Finance to avoid independence issues or conflicts of interest.
29		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?	✓			CAE has no operational responsibilities other than audit matters. Corporate issues including risk, equality, and business continuity of which the CAE is involved are overseen by other individuals, the role of IA is just an assistance role
30	LGAN 11	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?		✓		Rotation of audit assignments occurs where possible, but the IA team is made up of 2 individuals so there is little scope to alter current processes and procedures.
31	LGAN 12	Have internal auditors declared interests in accordance with organisational requirements?	✓			Yes Gifts and Hospitality Register completed and Declaration of Interest Forms completed periodically. Also at

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						start of each committee meeting. No issues to date
32	LGAN 13	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?	✓			As above there is a corporate process for dealing with this, although there have been no events to date
33	LGAN 14	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?	✓			No, there is no evidence to suggest this has taken place to date. Audit staff in the same way as rest of organisation have signed up to the Code of Conduct and undergo regular training on matters such as data protection, security and cyber.
34	LGAN 15	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	✓			Not aware this hasn't taken place. Full records are held for each audit assignment, where all facts are fully recorded. Auditor supervision and checking of working papers helps to support this. IA has also signed up to confidentiality agreements.
35	LGAN 16	Have internal auditors complied with the Bribery Act 2010?	✓			The anti-Bribery policy has been reviewed and made aware to IA team. Audit staff also have to undergo annual training on Anti Fraud and Cor-

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						ruption anti Bribery and money laundering rules. The CAE also covers this as part of the appraisal process.
36		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?	✓			This has not occurred to date but the Audit Charter and Manual and other related policies address this.
37		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?	✓			This has not occurred to date but the Audit Charter and Manual and other related policies address this. Approval would need to be sought from CMT who manage the budgets or any growth items of spend.
	3.3	1200 Proficiency and Due Professional Care				
		<i>1210 Proficiency</i>				
38		Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			The Senior Auditor holds a Chartered MIIA qualification gained several years ago.
39		Is the CAE suitably experienced?	✓			Yes, 21+ years working for the borough council, as well as a further 5 years working in another public sector audit service. Senior Auditor has been working as lead auditor and acting CAE for several years.

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40	LGAN 17	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			Yes, in conjunction with the service head and HR.
41	LGAN 18	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?	✓			Yes, these were last reviewed in 2022 to ensure they were up to date and reflected current practices. These are compared to other job roles in the organisation.
42		Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓			Yes, these are reported back to senior management and to Members annually. The requirements of the IIA in terms of skills and experience is periodically cross checked back to IA team skills and experience. Also is reviewed as part of this self-assessment exercise. Evidence - Reported as part of the Audit Effectiveness report.
43		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?	✓			Additional resources have been obtained in previous years to help meet specific deficiencies -eg. planning audit, housing benefits auditing of new claims. Hasn't occurred for year to date.
44		Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the	✓			Yes a dedicated fraud audit is completed each year by the CAE as well as being the key contact for the NFI

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		organisation?				exercise annually. Fraud training has also been rolled out across the authority as all auditors have undergone fraud, security and cyber awareness training.
45		Do internal auditors have sufficient knowledge of key information technology risks and controls?		✓		There are no dedicated IT auditors working at Surrey heath, more trained general auditors. The authority does not have the dedicated resource for this. ICT employ the services of external specialists to undertake activities including compliance with Payment Card Industry, penetration testing and cyber essentials testing. The council also employs external bodies to review ISO 9002, which the internal team does not have the experience to deal with.
46		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?	✓			Auditors have undergone data analytic training courses in previous years to obtain a thorough and comprehensive platform. Data analytics testing is performed with a number of audit assignments each year, where the amount of data is relatively large – eg. creditors,
		<i>1220 Due Professional Care</i>				

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47		Do internal auditors exercise due professional care by considering the:				
		a) Extent of work needed to achieve the engagement's objectives?	✓			The amount of work needed for each job is determined by agreeing a robust and comprehensive scope of each audit with the client at the start of each audit, taking into account budget for job, amount of resourcing available, history of audited area, and population size, and staff turnover. ie. each audit is planned on a risk assessment basis.
		b) Relative complexity, materiality or significance of matters to which assurance procedures are applied?	✓			As above. The subject matter and audit complexity will in part determine the amount of testing and the amount of resources available. ie. Risk based. This will in part be agreed at the outset with the organisation and the client. The Annual Plan is agreed with senior management and Members each year.
		c) Adequacy and effectiveness of governance, risk management and control processes?	✓			As above. Determined by the Annual Plan and a risk based terms of reference for each audit and risk planning
		d) Probability of significant errors, fraud, or non-compliance?	✓			As above. These areas will be considered with the client at the onset of each job.

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48		e) Cost of assurance in relation to potential benefits?	✓			As above. These areas will be considered with the client at the onset of each job.
		Do internal auditors exercise due professional care during a consulting engagement by considering the:				
		a) Needs and expectations of clients, including the nature, timing and communication of engagement results?	✓			No consulting activities undertaken in year
		b) Relative complexity and extent of work needed to achieve the engagement's objectives?	✓			No consulting activities undertaken in year
		c) Cost of the consulting engagement in relation to potential benefits?	✓			No consulting activities undertaken in year
		<i>1230 Continuing Professional Development</i>				
49	LGAN 19	Has the CAE defined the skills and competencies for each level of auditor?	✓			Yes these are detailed in the job description for the IA roles. Competencies are also detailed. Reviewed from time to time. Evidence – Job description
50	LGAN 20	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓			Yes, this is covered in 1 to 1s and the appraisal process. Training and development needs are highlighted as part of this process.

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51		Do internal auditors undertake a programme of continuing professional development?	✓			Yes, this is part of being a member of the IIA. A training log is recorded and maintained by each officer and reviewed periodically. Evidence – training log
52		Do internal auditors maintain a record of their professional development and training activities?	✓			Yes, each officer is required to complete and maintain a training log which details course event, subject matter, date, and method of delivery, and service provider. Some CPD is limited due to costs and budgets. HR also complete mandatory training records for each officer.
	3.4	1300 Quality Assurance and Improvement Programme				
53		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?		✓		IA has developed a suite of QA techniques that are used by the service to monitor and measure QAIP. Good examples include clinical supervision, regular 1 to 1s, appraisals where individual and team objectives are set, and work is reviewed and improvements suggested, file/working paper reviews, critical reviews of audit reports before issue, regular discussions with service head and reporting

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						into CMT and to Members. An annual report and effectiveness report are presented to CMT and Members annually. These reports include compliance with PSIAS such as integrity, honesty, objectivity, effective risk, use of resources.
54		Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	✓			Yes, as above. This is reported via the Annual Effectiveness report and Annual Report of IA. Opportunities for improvement are discussed with the Audit Chair and the head of service. Also flagged at CAEs appraisal where individual and team objectives are set and monitored.
55		Does the CAE maintain the QAIP?	✓			Yes, given the constraints of a small team and limited resources an effective QAIP is maintained. This is reported to senior management and to the A&S committee annually.
56	LGAN 21	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?	✓			SHBC is a district council. That being said the IA team still reports annually on the efficiency and effectiveness of the team to CMT and to Members
		<i>1310 Requirements of the Quality Assurance and</i>				

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		<i>Improvement Programme</i>				
57		Does the QAIP include both internal and external assessments?	✓			Yes, the work of internal audit is reported periodically to the Councils external auditors. A QAIP was also undertaken 5 years ago and reported to senior management and to committee. Internal self-assessments as above at 53 and 54 above.
		<i>1311 Internal Assessments</i>				
58	LGAN 22	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			Yes, this is undertaken but the process is limited due to resources (the IA function is only a 2 person team). Having said that both members of staff are qualified and are members of the CIIA so the risk is mitigated
59		Do internal assessments include ongoing monitoring of the internal audit activity, such as:				
		a) Routine quality monitoring processes?	✓			All working papers, and test findings and in particular audit reports are subject to a regular review and correction process. Audit reports are not issued until they are thoroughly fact checked and any material queries are followed up with the service. A file review sheet is completed for each audit.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
60						Evidence – file review sheet Review of working papers and audit draft and final reports
		b) Periodic assessments for evaluating conformance with the PSIAS?	✓			Assessments are included within the periodic 1 to 1s, and individual appraisals, where individuals business objectives are set and monitored. Annually as mentioned previously compliance against all the Standards are reviewed and reported to senior management and to Members.
	LGAN 23	Does ongoing performance monitoring include comprehensive performance targets?	✓			Yes, targets are set and monitored for each auditor – by the Senior Auditor for the auditor role, and by the service head for the CAE (Senior Auditor). Each target relates to both the IA team as well as to the organisation in meeting the Council’s Annual Plan. Typically between 6 and 8 objectives are set for each individual and reported in the Appraisal document. Team targets are reported through the Councils annual plan exercise as well as the Base Budget review exercise.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
61	LGAN 24	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓			Yes. Appraisals are reviewed and signed off by the service head as well as the Section 151 Officer and Director. Head of service targets are discussed and signed off by the Council's CEO. There are no targets set with external bodies.
62	LGAN 25	Does the CAE measure, monitor and report on progress against these targets?	✓			Yes, a mid-year appraisal is undertaken where all targets/business objectives set are monitored and updated. Any realignments or adjustments are made and reported at that stage. In terms of audit recommendations, these are subject to a periodic review and an updated report summarising the status of each is reported to Members and to senior management. A summary of the work of IA is also reported annually and reported to senior officers and to Members.
63	LGAN 26	Does ongoing performance monitoring include obtaining stakeholder feedback?		✓		Such a mechanism has been introduced in the past, with the result that the IA team spent more time chasing managers for feedback than the process of actually reviewing feedback received and making any improvements required. Informally the CAE

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						<p>receives feedback about the IA performance at Audit committees and at CMT meetings. Should audit work need to be adjusted it would be raised at these meetings. Obtaining client feedback has been hit and miss, and isn't always productive or objective, and has been found to be bias with negative feedback from out of favour clients who may have received poor or qualified audit reports.</p> <p>Action – to discuss possible options with the service with any sensible and proportionate options considered.</p>
64		<p>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?</p> <p>Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.</p>	✓			<p>Yes the 5 year QAIP self-assessment process is undertaken by the 3 partner authorities, Spelthorne and Elmbridge councils. The assessments are conducted by the Council's CAE or above respectively. At SHBC for example the self-assessment is conducted by the CAE a CIIA Member who is appropriately qualified.</p>
65	LGAN 27	<p>Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?</p>	✓			<p>Yes, the self-assessment includes a review of the Annual plan for IA which is risk based. Regular reviews are also conducted against the Plan throughout the year, and any minor</p>

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						adjustments made.
		<i>1312 External Assessments</i>				
66		Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			Undertaken in 2018 and reported to CMT and to Members here in Nov-Dec 2018. An action plan was agreed. Now taking place for the current 5 year period.
67	LGAN 28	Has the CAE considered the pros and cons for the different types of external assessment (ie 'full' or self-assessment plus 'independent validation')?	✓			Yes, this was discussed with the respective CAEs at Elmbridge and Spelthorne Councils. It was agreed that a 3 way self-assessment independent validation process was the most cost effective approach. A verbal update was provided to Members at SHBC July 2023 regarding progress made.
68		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?	✓			Yes, see above. Members acknowledged the approach and expressed no concerns at the time.
69	LGAN 29	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?	✓			Yes, all aspects of the QAIP were discussed with the service head and a discussion was held with Members at the July A&S committee meeting. The Chair was fully supportive at the time, and is a strong advocate of a Quality

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						Assurance mechanism within the authority.
70		Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	✓			Meeting took place in the spring of 2023 between the 3 partnering authorities and an agreed methodology was agreed, including the use of the self-assessment consolidated checklist PSIAS and appropriate timescales for reporting.
71		<p>Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?</p> <p>Competence can be determined in the following ways:</p> <ul style="list-style-type: none"> a) experience gained in organisations of similar size b) complexity c) sector (i.e. the public sector) d) industry (i.e. local government), and e) technical experience. <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>	✓			An assessor is being used at each partner authority – there is no scope for an assessment team due to the small size of each organisation and resources available. Each assessor is the relevant CAE and each of the 3 partner organisations are similar in that each is a borough council, based in Surrey, with similar issues and complexities. Each undertakes similar audits including creditors, debtors, as well as ICT , environment and commercial audits. Each has a similar reporting mechanism, through senior management teams and then Audit Committees overseen by elected Members. Similar issues are faced at each partner organisation, including resource constraints and reporting.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
72		How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?	✓			This was agreed at the outset of the QAIP exercise by the 3 partners, and an agreed methodology was agreed.
73		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.	✓			None – a reciprocal agreement was agreed and the authority reviewing the self-assessment of the other partner has been rotated for 2023, in essence the same organisation is not reviewing the work of the same partner from 2018, so it is not duplicated
74		<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?	✓			Yes, for the previous exercise conducted in 2018 and an action Plan agreed.
		Note that:				
		a) the results of both external and periodic internal assessment must be communicated upon completion	✓			Reported to both senior management through CMT meetings as well as to Members at A&S committees.
	b) the results of ongoing monitoring must be communicated at least annually	✓			Evidence - Forms part of the Annual Effectiveness and Annual Report for Internal Audit	

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.	✓			As above
75		Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓			Yes, included as part of the 2019 Annual Report to Members, actions from the previous Improvement Plan were incorporated into daily operations of the IA team and monitored by the CAE.
		<i>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</i>				
76		Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓			Reported to senior management and to Members back in 2018. The report was largely positive, and an Action Plan was agreed albeit with minor actions to address weaknesses.
		<i>1322 Disclosure of Non-conformance</i>				
77		Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			Reported to Members back in 2018, Action Plan was presented.
78		Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓			There were no significant deviations from the last QAIP and no material issues were reported in the AGS- although this will be considered should any material actions need addressing

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						in the 2023 exercise.
	4	Performance Standards				
	4.1	2000 Managing the Internal Audit Activity				
79		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?	✓			Yes, provision of (integrated) assurance to the authority about risk processes, control systems, providing advice and consultancy activities, testing financial systems, and undertaking special investigations as required.
80		Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the <i>Standards</i> ?	✓			Agreed. The activity is independent, and objective. Provides consultancy activities. Adds value where it can through audit recommendations and streamlining activities, audit recommendations improve the Council's operations by focusing on areas for improvement, and compliance with policies and rules and regulations. The Plan is risk based and regularly reviews risk processes.
81		Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the <i>Code of Ethics</i> and the <i>Standards</i> ?	✓			Yes. Both auditors need to comply with the PSIAS and the council Code of Conduct – these are discussed at Appraisals and 1 to 1s.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
82		Does the internal audit activity add value to the organisation and its stakeholders by				
		a) Providing objective and relevant assurance?	✓			This is reported through individual audit reports, each report offers an overall level of assurance and annually the Annual Report provides an annual assurance.
		b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	✓			The Annual Plan is based on risk, and each audit assignment – including testing and reporting – are fully risk based. All reports focus on governance issues, and controls. Any weaknesses in risk, governance or controls will be reported and audit recommendations raised.
		<i>2010 Planning</i>				
83		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?	✓			This is reported through the Annual Plan which is reported to senior management and Members agreed at committee each spring. The Plan is driven by the 3 Year Strategy. The Annual Plan is compared with the Council's Annual Plan.
84		Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			Yes, and this is reported to Members each July through the Annual Audit

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						Report – the overall opinion is provided by the Council’s Section 151 officer
85		Does the risk-based plan take into account the organisation’s assurance framework?	✓			<p>The CAE is a member of the Corporate Risk Management Group and as such regularly attends and updates the group on audit activity and any emerging risks that the authority is facing.</p> <p>The Annual Report includes a section covering “integrated assurance” – essentially the Council derives its assurance from a number of bodies – eg. HSE, IIP, Housing returns, Peer Review – and IA is just one of a number of bodies that contribute to this integrated assurance.</p> <p>Evidence – Annual Report</p>
86		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?	✓			The Annual Plan is directed by the 3 Year Strategy which is agreed by Members every 3 years. A detailed breakdown of how the service will be delivered is provided – including details of resourcing, training and development, staffing, reporting etc

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		b) How the internal audit service will be developed in accordance with the internal audit charter?	✓			<i>Evidence - Yes covered off in both the Annual Plan as well as the 3 Year Strategy document.</i>
		c) How the internal audit service links to Organisational objectives and priorities?	✓			<i>Evidence - Yes covered off in both the Annual Plan as well as the 3 Year Strategy document. A verbal update is also provided to Members at committee meetings.</i>
87		Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			In part. The Annual Plan is prepared and agreed taking the current risks of the Council into account – good examples are the introduction of cyber audits, and climate change audits for 2023 onwards. Some national issues may not be totally incorporated as the Plan is developed at a local level addressing local issues and how these help to meet the business objectives of the organisation. The Plan is also developed following professional article reviews on the IIA website, CIPFA journals as well as the Emerging Risks Paper produced by Barclay Simpson.
88		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?	✓			Yes, the Plan is based on current as well as emerging risks. The CAE sits on the corporate risk group so the contents of the Risk Register are

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						properly considered. Individual Audit Assignments are selected for inclusion based on the risk environment, income and expenditure, staff turnover etc.
89		If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?	✓			Not applicable – the work programme of IA is linked to the Corporate Risk Register as well as the work of the Corporate Risk Group
90	LGAN 30	Does the risk-based plan set out the:				
		a) Audit work to be carried out?	✓			Yes Evidence – Annual Plan and Appendix
		b) Respective priorities of those pieces of audit work?	✓			Priorities are assigned through the amount of audit resources allocated against each job. In reality priority will shift throughout the year, and priority will be agreed by clients when each assignment is planned.
		c) Estimated resources needed for the work?	✓			Evidence - Reported in the Plan appendix – although resources will be confirmed in the TORs for each job. Estimated number of days for each job is detailed, as well as a number of days for consultancy and advice and contingency, as well as training and

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						leave days. The Plan is fully transparent.
91	LGAN 31	Does the risk-based plan differentiate between audit and other types of work?	✓			The Plan is broken down by Scheduled audit work and non-scheduled or ad hoc work – which includes elements for contingency, consultancy and advice as well as training and development
92	LGAN 32	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓			Yes, the Plan is monitored regularly and minor adjustments made as necessary – following consultation with the service head and A&S Chair. The allocated number of days for each audit is only a “guide” and are for estimation only.
93		Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation’s business, risks, operations, programmes, systems and controls?	✓			Yes, see above. Minor changes do occur and are notified to the service head. The overall number of days to deliver the Plan remains the same however.
94		Is the internal audit activity’s plan of engagements based on a documented risk assessment?			✓	The Annual Plan is derived from the 3 Year Strategy which in turn has been agreed at senior management and Member level. Whilst both policies are based on risk and fully incorporate risk into their development, actual risks have not been documented or scored as such

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						Action – to consider developing and rolling out a risk matrix with scoring to reflect the risks for each audit.
95		Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓			The Plan is fully developed in accordance with the risks of the Council – but could be better documented to reflect actual decision making.
96	LGAN 33	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)?	✓			Yes these would be considered
		b) The requirement to use specialists, e.g. IT or contract and procurement auditors?	✓			Yes, this is discussed at senior management and committee – for example using external specialists to test housing benefit assessments, or using an external body to test cyber or specialist IT technical issues – eg. PSI-DSS.
		c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary?	✓			This is detailed in the Annual Plan and agreed with Members. The number of days assigned to this has been discussed with the CEO. The Annual Plan needs to be flexible enough to meet these requirements.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		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?	✓			This is incorporated in management and committee time – and detailed in the Plan. Resources for these activities have been agreed by senior management as part of the annual budget setting process.
97		Is the input of senior management and the board considered in the risk assessment process?	✓			Yes, all service heads and above are given the opportunity to feed into the Planning process. A copy of the Draft Annual Plan is normally circulated to senior management each year and revised to take into account information received. Members are able to comment and request the Plan is revised but they cannot influence the Plan at all
98		Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓			The audit opinion is prepared following consultation with the head of service and the Section 151 Officer/Head of Finance. The Board are consulted as such, rather the annual opinion is reported into them for their comment and due consideration. The overall audit opinion for each audit assignment is determined by the IA team using their professional judgement.
99		Does the CAE take into consideration any proposed consulting engagement's potential to improve the	✓			This has not occurred. Any external organisations used by other services

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		management of risks, to add value and to improve the organisation's operations before accepting them?				to improve their own working practices and governance is outside the control of the IA team.
100		Are consulting engagements that have been accepted included in the risk-based plan?	✓			Non applicable
		<i>2020 Communication and Approval</i>				
101		Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	✓			Yes, the Annual Audit Plan is presented to senior management first and then onto Members for discussion and agreement each spring. Resource requirements are subject to the Base Budget Review each autumn as part of the Councils budget setting process.
102		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?	✓			This has occurred in previous years, but not the current year to date. Any significant slippage or movement from the Plan would need the written approval from the S151 Officer or Audit Chair.
103		Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓			Yes, this is a regular agenda and discussion item. The resourcing of the current IA team is proportionate to the size of the organisation and the amount of expenditure. The external auditors have been made aware and

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						have no issues as to whether it would compromise the actions of the organisation. Senior management have made Members aware that should additional resourcing become necessary to deliver a particular audit or significant risk, then resources could be made available
		<i>2030 Resource Management</i>				
104		Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓			Evidence - This level of detail is included in the Plan report and accompanying Appendix. The amount of audit resource available needs to match the expected minimum audit coverage.
105	LGAN 34	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	✓			Yes, the planning of audits is subject to separate conversations with service heads throughout the year, and fully documented. Obviously within such a small team the timetable isn't set in stone, and can be reactionary to reflect audit availability as well as client availability. Covid has also affected timings of audits and staffing.
106	LGAN 35	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	✓			Yes, resourcing of the IA activity has been subject to discussions in the past, and additional resources have

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		<p>attention of the board?</p> <p>This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.</p>				<p>been brought in. Consideration has also been given to shifting the scope of some audits whilst not compromising on independence and objectivity. It is inevitable that resource challenges will continue to play a part in audit delivery for small local authorities where staffing is not abundant and additional budgets not made available</p>
		<p><i>2040 Policies and Procedures</i></p>				
107		<p>Has the CAE developed and put into place policies and procedures to guide the internal audit activity?</p>	✓			<p>The primary document is the Audit Manual which details all the key parameters of the IA activity. This is supported and complemented by the Audit Charter which sets out the rules and governs how the IA function operates at SHBC. There are a number of complementary papers including the Audit Map chart, the “about us” paper, and the risk process paper</p> <p>Evidence – Audit Map About Us Paper Manual and Charter Risk process paper</p>
108	LGAN 36	<p>Has the CAE established policies and procedures to guide staff in performing their duties in a manner that conforms to</p>	✓			<p>Evidence - Audit Manual Audit Charter Risk Based audit paper</p>

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		<p>the PSIAS?</p> <p>Examples include maintaining an audit manual and/or using electronic management systems.</p>				<p>Flow chart</p> <p>Standard audit templates including audit review sheet, test front sheets, test grids, standardised audit reporting papers</p>
109	LGAN 37	<p>Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?</p>	✓			<p>Yes the Charter and Manual are reviewed approximately every 2 to 3 years- but the timing of this is subject to key changes happening</p> <p>Templates tend to stay the same so to aid consistency in documentation and reporting techniques and practices.</p> <p>Evidence – Charter and Manual</p>
		<p><i>2050 Coordination</i></p>				
110		<p>Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?</p>	✓			<p>Yes the Plan and report include a section on “integrated assurance levels” and how these work in practice. For example the Council cannot and should not derive assurance totally from internal audit. The Council will get financial assurance from external audit and the auditing of the accounts, from the H&S Executive, from IIP for HR, from DWP for Revs and Bens, from the Electoral Commission for the operation of the election process</p>

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
111	LGAN 38	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?			✓	<p>This has been considered but due to lack of staffing, has not been a priority to date, but could be considered going forward. It would be a useful exercise.</p> <p>Action – to develop an integrated assurance mapping exercise and report back</p>
112		Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	✓			<p>Yes this has occurred as part of the LGA Peer Review exercise that took place in 2023. As a result an Action Plan has been agreed. It has been reported in the AGS for 22/23. IA also consults with External Audit on matters such as fraud, and other irregularities, any money laundering, and will rely on IA finance audits as part of their accounting the Council's accounts.</p>

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
113	LGAN 39	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?		✓		This has depended on the availability of the external auditor and their work load. External audit do attend A&S committees and this provides the opportunity to discuss work and audit findings. External audit as part of their work programme do ask for a number of records and documents from IA to inform their audit opinion.
		<i>2060 Reporting to Senior Management and the Board</i>				
114		Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓			Yes the main method of reporting back is the Annual Plan and the Effectiveness Report – both of which are presented to committee annually. Informally audit performance is reported to other audit committees – for example the status of overdue audit recommendations. All audit reports are circulated to management as a matter of course, and any qualified audits would be presented and discussed at CMT.
115		Does the periodic reporting also include significant risk	✓			Yes these are included in the Annual Report. Any other significant risks and

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?				controls are brought the attention of the corporate risk group every quarter. Any significant risk could be added to the corporate risk register if considered necessary. Significant issues are also reported in the AGS (e.g. essential recommendations) Evidence – Annual Report
116		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?	✓			Yes see above. All qualified audit reports are reported to CMT promptly. The overdue recs report is scheduled to be reported twice per year. All other audit reports are circulated to CMT at the conclusion of each audit once the audit recommendations have been agreed.
		<i>2070 External Service Provider and Organisational Responsibility for Internal Auditing</i>				
117		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?	✓			This has not occurred previously, but in any event, this requirement is made clear in the Audit Charter, and is a requirement of the Accounts and Audit requirements.
	4.2	2100 Nature of Work				

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
118		Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	✓			<p>The areas of governance, risk and controls are subject to testing by IA for each audit assignment. The TOR for each audit will also consider and document key risks, and controls for that service. Tests will be designed to check compliance against these areas. Essentially the audit report will summarise the governance, risk, and controls in place or where improvements are considered necessary, then audit recommendations will be made to mitigate actions.</p> <p>Evidence – audit working papers and reports</p>
119		Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	✓			<p>Yes, audit working practices are documented in the Audit Manual, as well as the risk based paper and flow chart.</p> <p>Audit utilise standard templates including test front sheets, terms of reference docs, as well as a standardised method of reporting back to management to ensure consistency of approach and service delivery</p>
		<i>2110 Governance</i>				
120		Does the internal audit activity:				

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		a) Promote appropriate ethics and values within the organisation?	✓			<p>Incorporated within individual audit assignments</p> <p>Encourage officer take up of gifts and hospitality returns</p> <p>Encourage Declaration of Interests returns</p> <p>By promoting the “Core Values” of the organisation – proud to serve, customer focus, delivering results, teamwork</p> <p>Remind officers about Code of Conduct and House Rules – these were reviewed and HR challenged to re-view them again</p> <p>IA contribution into the AGS</p> <p>Evidence – audit working papers and report</p>
		b) Ensure effective organisational performance management and accountability?	✓			<p>Mainly covered in the AGS which audit helped to draft and prepare</p> <p>IA contributed to the LGA Peer Challenge exercise</p> <p>Can act as a challenge function to the Annual Plan and service performance targets and key milestones</p>
		c) Communicate risk and control information to appropriate areas of the organisation?	✓			<p>Incorporated within individual audit assignments</p> <p>Audit recommendations focus on mitigating risks and improving controls</p>

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						Publishing articles on the Councils intranet – e.g. security or fraud training Assisting the production of the AGS IA participates in the corporate risk group where risks and control are discussed and audit challenge status quo
		d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	✓			IA contributes to the work programme of the A&S committee and prepares a number of reports for this committee each year. CMT are consulted on these reports and are notified when audit reports are being presented to committee.
121		Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	✓			Yes these are covered within the audit reports and committee reports. Assist with the production of the AGS. Audit reports are prepared with a number of audit recommendations, many of which focus on governance, controls and risk elements and recommending areas for continuous improvement. Evidence – audit working papers Committee papers
122		Has the internal audit activity evaluated the:				
		a) design		✓		A number of areas that are audited

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						include “ethical” considerations. Such as whether council actions are sustainable – financial plans and spending for example, fair – for example whether council actions are considered fair e.g. HR policies on leave, maternity, caring etc. Whether council actions are transparent – e.g. whether the council publishes spend under the Transparency Code. Whether council actions are Accountable and Responsible – e.g. climate change actions and the Net Zero Deliverables. Given the above, IA examines and reviews the above but doesn’t explicitly consider the design and implementation of some of these ethical activities.
		b) implementation, and		✓		See above
		c) effectiveness of the organisation’s ethics-related objectives, programmes and activities?		✓		See above
123		Has the internal audit activity assessed whether the organisation’s information technology governance supports the organisation’s strategies and objectives?	✓			IA has completed IT audits, data protection/information governance audits, FOI, and security. The scope of these audits have included consideration of governance, risk, and control issues as standard. They have not

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						specifically covered ethical considerations and could be included in future audits.
124	LGAN 40	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?		✓		When the Annual Plan is prepared all factors are considered including the resources and complexity and amount of time involved for each audit. Additional considerations will be discussed with managers when audits are scoped out and planned. Evidence – Annual Audit Plan
		<i>2120 Risk Management</i>				
125		Has the internal audit activity evaluated the effectiveness of the organisation’s risk management processes by determining that:				
		a) Organisational objectives support and align with the organisation’s mission?	✓			Business objectives are considered with each test (they were formally detailed in appraisals) and linked back to the councils Core Values Aims, and Objectives. Evidence – audit working papers
		b) Significant risks are identified and assessed?	✓			The authority’s key risks are considered within the audit planning process. The corporate risks are identified and monitored through the corporate risk group, of which IA attends.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						Other service specific risks are identified and discussed with service heads as part of the scoping exercise for each audit. Risks are recorded on the terms of reference at the start of each audit. The Peer Challenge exercise carried out by the LGA has further considered the risk activities of the Council and has made a number of recommendations.
		c) Appropriate risk responses are selected that align risks with the organisation's risk appetite?	✓			IA has considered the work of the Council's insurers in terms of the risks that the Council is able to accept and those it needs to insure against. The Corporate Risk Register records the key risks that the council is currently facing, together with a scoring matrix, and mitigating actions required.
		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?	✓			Yes IA helps to ensure that the latest Corporate Risk register is conveyed to CMT every quarter (or every time there is a major change) and to Members as a minimum annually. Service level risks should be documented and cascaded to service team members as appropriate. Service level risks should be considered at the scoping stage for each audit.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
126		Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the:				
	a)	Achievement of the organisation's strategic objectives?	✓			IA participates in the corporate risk group which in turn identifies and evaluates the corporate risks that affect the organisation in meeting its mission and corporate objectives
	b)	Reliability and integrity of financial and operational information?	✓			Covered off with financial audits such as creditors, debtors, treasury, and main accounting. IA also liaises with external audit from time to time who audit the authority's set of accounts Evidence – audit working papers
	c)	Effectiveness and efficiency of operations and programmes?	✓			Covered off when IA undertake scheduled audits. Good examples would be procurement or housing audits
	d)	Safeguarding of assets?	✓			Covered off in audits such as capital where a review of council assets are examined. IA also examines inventories, vehicles and IT assets eg. laptops and mobiles
	e)	Compliance with laws, regulations, policies, procedures and contracts?	✓			Such areas would be considered in most audits that are completed and would be scoped out at the start of

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						each piece of work – eg. housing benefits and health & safety audits where there is a lot of legislation and systems are complex
127		Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	✓			Yes. IA carries out a specific fraud audit each year, and audit recommendations would be raised if any weaknesses in control are found. The Council's anti-fraud and corruption policy is reviewed as part of this
128		Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓			Yes, all pieces of work are risk based and are planned according to the highest risks and priorities. Risks would be recorded and tested
129		Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓			Yes, see above
130		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?	✓			This is standard practice, and any influence over the management of risk would compromise the objectivity and integrity of the IA work. Audit recommendations can only advise management on improvements, IA cannot instruct or dictate.
		<i>2130 Control</i>				

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
131		Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the:				
	a)	Achievement of the organisation's strategic objectives?	✓			The evaluation and reporting on controls forms the bread and butter of what the IA team does. Internal controls are reviewed for every test carried out as part of each audit assignment, and any shortfalls in controls – eg. overriding controls, inadequate controls, breach of control, would result in a recommendation being made so the system can be improved and made more robust.
	b)	Reliability and integrity of financial and operational information?	✓			Covered off with financial audits such as creditors, debtors, treasury, and main accounting. IA also liaises with external audit from time to time who audit the authority's set of accounts Evidence – audit working papers
	c)	Effectiveness and efficiency of operations and programmes?	✓			Covered off when IA undertake scheduled audits. Good examples would be procurement, housing etc
	d)	Safeguarding of assets?	✓			Covered off in audits such as capital where a review of council assets is examined. IA also examines invento-

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						ries, vehicles and IT assets eg. laptops and mobiles
		e) Compliance with laws, regulations, policies, procedures and contracts?	✓			Such areas would be considered in most audits that are completed and would be scoped out at the start of each piece of work – eg. housing benefits and health & safety audits where there is a lot of legislation and systems are complex
132		Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓			Consultancy work would not happen as a matter of course – but should this become standard, then the IA would maximise their knowledge base when planning and undertaking engagement activities Evidence – audit working papers
	4.3	2200 Engagement Planning				
133		Do internal auditors develop and document a plan for each engagement?	✓			Yes. An opening meeting would often take place where the scope of the assignment is agreed with the service as well as timings, staff availability as well as areas to be tested, as well as audit objectives. This would all be reported in a standard terms of reference document and agreed with the client – which detail objectives, scope, key risks, budget and timings

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						as well as staff to consult. Evidence – audit terms of reference
134		Does the engagement plan include the engagement's:				
		a) Objectives?	✓			Yes, see above
		b) Scope?	✓			Yes, see above
		c) Timing?	✓			Yes, see above
		d) Resource allocations?	✓			Yes, see above
135		Do internal auditors consider the following in planning an engagement, and is this documented:				
		a) The objectives of the activity being reviewed?	✓			Yes, this forms an integral part of the planning and testing stages of each audit assignment. The areas would form part of the discussion with the service at the opening meeting. Evidence – audit terms of reference
		b) The means by which the activity controls its performance?	✓			Again this would form part of the opening discussion with the service – for example most service depart-

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						ments would have performance targets against which their work is measured and these could be examined as part of the audit – eg. number of days to pay an invoice, number of meals delivered in a day, number of collected bins missed as per contract.
	c)	The significant risks to the activity being audited?	✓			IA relies on a number of pieces of information to help identify the key risks facing each service department, which would form part of the planning and testing stages of the audit. Examples include key risks reported in the corporate risk register, whether the service has developed their own service risk plan, risks identified through the H&S reviews, service performance targets through the Annual Plan.
	d)	The activity's resources?	✓			Yes, resources would be covered off in the opening meeting, and added to the terms of reference. Periodic meetings also take place throughout the year with stakeholders to identify availability at the earliest stage.
	e)	The activity's operations?	✓			Yes, see above. The service's operations are integral to the audit design and planning.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		f) The means by which the potential impact of risk is kept to an acceptable level?	✓			This would be considered as part of the report. Audit recommendations need to be proportionate and reasonable – for example it would not be sensible to raise a recommendation that could cost thousands of pounds just to minimise a small risk. Likewise not all risks can be mitigated against, and these are factored into each audit.
		g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model?	✓			Industry best practice is found for each audit where it is relevant to do so, and the service department's activities and operations would be compared to this. For example the IA team have relied on CIPFAs control matrices in the past, H&S audits have been reviewed against expected controls and governance arrangements directed by the HSE.
		h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	✓			The audit process involves identifying significant areas for continuous improvement and making audit recommendations based on the findings from the testing and improving weaknesses in the control environment.
136		Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the				The planning of such audits would broadly follow a similar pattern to

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		internal auditors established a written understanding with that party about the following:				standard audits within the Council – i.e.. planning, terms of reference, testing, evaluation and reporting. The primary difference would be access to staff, and documents and sharing of records. Document sharing protocols would need to be established, as well as agreeing access controls to staff and to records, as well as which records are accessible to audit and those which are not
	a)	Objectives?	✓			Yes, see above
	b)	Scope?	✓			Yes, see above
	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)?	✓			See above. Agreement would need to be reached in terms of classification and where the report and findings can be distributed to -ie. to the Board, committee etc.
137		For consulting engagements, have internal auditors established an understanding with the engagement clients about the following:				This would not form part of regular work at the Council
	a)	Objectives?	✓			See above
	b)	Scope?	✓			See above

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
138		c) The respective responsibilities of the internal auditors and the client and other client expectations?	✓			See above
		For significant consulting engagements, has this understanding been documented?	✓			See above
		<i>2210 Engagement Objectives</i>				
139		Have objectives been agreed for each engagement?	✓			Yes, these are reported at the front of each terms of reference Evidence – audit terms of reference
140		Have internal auditors carried out a preliminary risk assessment of the activity under review?	✓			Yes, significant risks are identified after consultation with the service department and recorded on the terms of reference for that audit. A separate risk assessment is not carried out where risks are categorised and scored however and mitigations added
141		Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	✓			Yes, both the audit objectives and key risks dovetail each other. A test schedule is drawn up as a result of the objectives and risks having been identified

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
142		Have internal auditors considered the probability of the following, when developing the engagement objectives:				
		a) Significant errors?	✓			This would be covered off as part of the risk identifying and risk assessment process and documented in the audit working papers
		b) Fraud?	✓			See above. The risk of fraud would depend on the topic being audited. In addition audit work would form part of the integrated assurance that the service department relies upon. For example housing register applicants are required to inform the council of any changes to their circumstances by law. The work of IA would be to ensure that adequate controls are in place in prevent fraudulent applications being received or applicants not informing the council of any changes. Tests can be developed by IA that could help detect fraud or ensure controls are in place to eliminate any fraud.
		c) Non-compliance?	✓			Audit tests would be developed by IA to check for any non-compliance against rules, procedures, processes
		d) Any other risks?	✓			See above

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
143		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?	✓			Yes, this is reported in the AGS every year, and IA contributes to this process. Also the council underwent a Peer Challenge led by the LGA in 2023, and audit was consulted on the arrangements of the Council at that time. The Council's Annual Plan is monitored regularly and includes a suite of performance targets for service departments. IA would use this data to help direct its audits, and audit planning.
144		If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓			Audit tests can be developed on the performance target information held in the Council's Annual Plan, as well as in IA staff appraisals.
145		If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?	✓			Not considered to be the case to date – but a course of action would be considered including working with managers and Members.
146	LGAN 41	If the value for money criteria have been referred to, has the use of all the organisation's main types of resources been considered; including money, people and assets?	✓			Yes, these criteria have been referred to in the Council's Annual Plan and IA has reviewed this process, and is also included in the planning process for audits. Evidence – Council Annual Plan
147		Do the objectives set for consulting engagements address	✓			This hasn't applied to date

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		governance, risk management and control processes as agreed with the client?				
148		Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	✓			This hasn't applied to date
		<i>2220 Engagement Scope</i>				
149		Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	✓			Yes, this is agreed with the client at the outset of the audit, and evidenced in the terms of reference Evidence – terms of reference
150		Does the engagement scope include consideration of the following relevant areas of the organisation:				
		a) Systems?	✓			Engagement scope will consider all aspects of the audit, but will focus upon key risks that face that service department as well as to the organisation. All audit testing by default will include consideration of computer and other systems, both internally as well as those run by external suppliers, records and documents both physical and electronic, staff resourcing and staff turnover, and location of audit whether on or off site and the logistics of these

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
151		b) Records?	✓			See above
		c) Personnel?	✓			See above
		d) Premises?	✓			See above
		Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate:				
		a) Systems?	✓			Yes, these are tested in audits and where there is a risk. Examples include iTrent and HR systems, Northgate and Revs and Bens, and Express and committee and elections work. The data and system controls would be tested and any recommendations would require the service department liaising with the supplier to revise or amend their system.
		b) Records?	✓			As above
		c) Personnel?	✓			Agreed but operationally IA would typically consult the service department in the first instance who would then liaise with their counterpart. An example is the Council's bank where during a treasury audit IA requested

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						to see records over 6 months old which had been archived on the bank software so involved the finance team liaising with their banking partner to get access to older records for testing.
		d) Premises?	✓			Yes, this would be taken into account where testing required access to the remote site – eg. the depot, or community services centres for retired.
152		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?	✓			Not applicable as this has not occurred
153		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?	✓			Not applicable as this has not occurred
154		For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	✓			Not applicable as this has not occurred

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
155		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?	✓			Not applicable as this has not occurred
156		During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	✓			Not applicable as this has not occurred
157		During consulting engagements, were internal auditors alert to any significant control issues?	✓			Not applicable as this has not occurred
		<i>2230 Engagement Resource Allocation</i>				
158		Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on:				Resource allocation and availability forms part of the audit work programme planning process. The Annual Audit Plan allocates an estimated number of days required for each job, and these are based on the complexity of the system under review, the amount of transactions and data, staff availability, frequency of audit and inherent risks to the system under review. In addition the actual number of days required for each job

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						would be discussed with the client and fully documented in the terms of reference for each job. The days used will depend on the findings from that audit, and whether any material issues are found. Evidence – audit terms of reference Audit Annual Plan
		a) The nature and complexity of each individual engagement?	✓			See above
		b) Any time constraints?	✓			See above
		c) The resources available?	✓			See above
		<i>2240 Engagement Work Programme</i>				
159		Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			The risk assessment and identification of the key system risks would drive the work programme for that particular audit. The IA would then prepare a test schedule which is essentially a schedule that sets out all the main tests for that audit, taking into account the complexity, transaction size, and system under review, as well as detailing the period of test-

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
160						<p>ing. The test schedule is usually reviewed by the CAE and challenged should they be missing any key tests or where the CAE considers them to be inadequate.</p> <p>Evidence – audit terms of reference Test schedule</p>
		Do the engagement work programmes include the following procedures for:				
		a) Identifying information?	✓			<p>In part, documents and records are detailed as part of completing individual test front sheets</p> <p>Evidence – test front sheets</p>
		b) Analysing information?	✓			<p>In part, documents and records are detailed as part of completing individual test front sheets</p> <p>Evidence – test front sheets</p>
		c) Evaluating information?	✓			<p>In part, documents and records are detailed as part of completing individual test front sheets</p> <p>Evidence – test front sheets</p>
	d) Documenting information?	✓			<p>In part, documents and records are detailed as part of completing individual test front sheets</p> <p>Evidence – test front sheets</p>	

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
161		Were work programmes approved prior to implementation for each engagement?	✓			Yes, auditor test schedules need to be reviewed and approved before testing commences to ensure all aspects of the audit are covered.
162		Were any adjustments required to work programmes approved promptly?	✓			Yes, auditor test schedules need to be reviewed and approved before testing commences to ensure all aspects of the audit are covered.
	4.4	2300 Performing the Engagement				
163		Have internal auditors carried out the following in order to achieve each engagement's objectives:				
		a) Identify sufficient information?	✓			The process of considering what documents and records need to be examined forms part of the planning process for each audit, and would be fully documented in the test schedule and terms of reference, as well as each test front sheet
		b) Analyse sufficient information?	✓			See above This would largely depend on the complexity and nature of the records being examined. Some records only need to be checked by observation, others need to be examined and checked in detail, or even calculations re-performed – for example payroll

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						wages , bank reconciliations. It also depends on the findings from each test and whether any errors or issues are found, that could require more testing.
		c) Evaluate sufficient information?	✓			See above
		d) Document sufficient information?	✓			See above Again this would depend on the age of the system under review – a new system may require additional documentation, an established system may require much less. It also depends on the level of documented procedure and process notes already in place and used by the service department.
		<i>2310 Identifying Information</i>				
164		Have internal auditors identified the following in order to achieve each engagement’s objectives:				
		a) Sufficient information?	✓			The working papers from each audit assignments are subject to CAE review, and any errors or shortfall in documents and records gathering, and evaluation would be highlighted in the file review sheet. Audit work

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						<p>can be subject to challenge by managers, the head of service, external audit and the section 151 officer. Where conclusions or audit recommendations have been drawn, these must be evidenced by adequate working papers, and evidence of records gathering and evaluation. Audit work is also subject to the usual HR systems including 1 to 1s as well as appraisals.</p> <p>Evidence – audit working papers Audit terms of reference</p>
		b) Reliable information?	✓			<p>See above The source of records is checked for reliability</p>
		c) Relevant information?	✓			<p>See above The period with which the data relates would be checked for relevancy</p>
		d) Useful information?	✓			<p>See above The findings from record examined would be checked for usefulness and whether value is being added at the conclusion of each audit</p>
		<i>2320 Analysis and Evaluation</i>				
165		Have internal auditors based their conclusions and	✓			Yes, all findings need to be evidence

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		engagement results on appropriate analyses and evaluations?				based. This is highlighted in the audit working practices and User Manual. Auditor work would be challenged if there are any shortfalls. Where findings cannot be fully supported, then the options would be additional testing, raising queries with service departments or qualifying the test results Evidence – audit working papers Audit reports
166	LGAN 42	Have internal auditors remained alert to the possibility of the following:				
		a) intentional wrongdoing	✓			Yes these areas are covered in both the Audit Manual and Audit Charter. To safeguarding this, all audit work is subject to regular supervision and quality checking. Evidence – Audit Manual and Charter
		b) errors and omissions	✓			Yes these areas are covered in both the Audit Manual and Audit Charter. To safeguarding this, all audit work is subject to regular supervision and quality checking.
		c) poor value for money	✓			Yes these areas are covered in both the Audit Manual and Audit Charter.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						To safeguarding this, all audit work is subject to regular supervision and quality checking. All audit reports are issued taking value for money into account especially where audit recommendations are raised as these need to be useful, relevant and proportionate.
		d) failure to comply with management policy, and	✓			Yes these areas are covered in both the Audit Manual and Audit Charter. To safeguarding this, all audit work is subject to regular supervision and quality checking.
		e) conflicts of interest	✓			Yes these areas are covered in both the Audit Manual and Audit Charter. To safeguarding this, all audit work is subject to regular supervision and quality checking. Care is always given to separation of duties, and ensuring that auditors remain impartial and show no bias in the work that is being delivered.
		when performing their individual audits, and has this been documented?	✓			Yes, all of these areas would be recorded in the File review sheet at the conclusion of each audit. If there are any common themes developing, these would be addressed via the normal Council channels – 1 to 1s,

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						and appraisals. Evidence – File Review sheets
		<i>2330 Documenting Information</i>				
167		Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			Comprehensive working papers are completed throughout the audit, and are supported by all the information examined and evaluated. These include the test front sheets, meeting minutes, as well as the preparation of a formal written audit report Evidence – audit working papers Audit reports
168	LGAN 43	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓			Yes, all working papers are subject to regular manager review, supervision and sign off – with sufficient experience and technical competence.
169		Does the CAE control access to engagement records?	✓			All electronic audit papers are securely held on the Council's network – and access to folders have been assigned to key audit personnel only. Network profiles are created by IT System administrators. Paper based records (which are minimal) are kept restricted and locked away as necessary

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
170		Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	✓			Yes, this has only happened on isolated instances. The majority of shared records are sent password protected, and through box which is kept secure. Senior managers or IT would need to approve. Some audit papers are accessible in the “public domain” for example committee papers
171		Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			Yes, all audit records would be subject to the Council’s document retention rules and policy, and would be treated no differently to other Council records. Audit has completed a Asset Information register which details audit records and retention periods. All records are subject the data protection as well as GDPR rules. These processes have been managed in conjunction with the Council’s SIRO and Information Governance Manager Evidence – document retention records
172		Are the retention requirements for engagement records consistent with the organisation’s own guidelines as well as any relevant regulatory or other requirements?	✓			They certainly are – and are not treated any differently – see above

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		<i>2340 Engagement Supervision</i>				
173		Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			An established supervision framework is in place and has been for many years. All auditors are sufficiently experienced and knowledgeable and have worked in local government for many years. All audit assignments are subject to File reviews which are fully documented. All working papers especially audit reports are quality checked for accuracy and reliability, and all need to be evidence based. Auditors are also supported with regular 1 to 1s and appraisals. Evidence – File review sheets
174		Is appropriate evidence of supervision documented and retained for each engagement?	✓			Yes, File Review sheets are completed for each audit. Advice and support would also be documented through emails throughout the lifecycle of an audit.
	4.5	2400 Communicating Results				
175		Do internal auditors communicate the results of engagements?	✓			Audit findings are summarised and formally documented in written audit reports. Audit findings are also communicated verbally to clients in exit meetings

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						Evidence – example of audit reports provided
176		<i>2410 Criteria for Communicating</i>	✓			
		Do the communications of engagement results include the following:				
		a) The engagement's objectives?	✓			Evidence - Yes, included in the report
		b) The scope of the engagement?	✓			Yes, included in the report
		c) Applicable conclusions?	✓			Yes, included in the report
		d) Recommendations and action plans, if appropriate?	✓			Yes, included in the report and Action Plan Evidence – audit reports Audit Action Plans
177	LGAN 44	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?	✓			Draft audit reports and recommendations are distributed to stakeholders on a need to know basis, before any meetings takes place. Stakeholders are given the opportunity to review and comment informally on the findings in the report before meetings are held.
178	LGAN 45	If recommendations and an action plan have been	✓			They are – all audit recommendations

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
		included, are recommendations prioritised according to risk?				are assigned one of 3 categories – essential, desirable, and best practice. These standard definitions are detailed in the audit report for the user. Evidence – audit reports
179	LGAN 46	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			Target dates are assigned to every audit recommendation – to manage expectations but also to ensure that each action point can be logged and tracked. The status of each recommendation is added to the final report before being issued
180	LGAN 47	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?	✓			Yes, whilst this occurs infrequently, as all key findings and recommendations tend to be flagged with the service before they are formally reported in the audit report. Where an agreement cannot be reached, it is common practice for it to be escalated to the head of service, the section 151 officer or the Audit Chair if necessary. This scenario would tend to only occur when there are insufficient resources to action the recommendation, where the issue cannot be addressed by the Council and involves a third party, or where it is too expensive to resolve.

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
181	LGAN 48	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?	✓			<p>Yes, audit reporting is covered in the Audit Charter and Audit manual and all auditors are required to follow these rules/procedures. Auditors need to remain objective and unbiased at all times. Audit reports will also be subject to quality checking and supervision would should pick up any work issues or areas for improvement.</p> <p>Evidence – Audit Charter Audit Manual Example of audit reports</p>
182	LGAN 49	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?	✓			<p>Yes, an audit opinion is provided for each audit assignment – there are 4 categories – full assurance, substantial assurance, limited assurance and nil assurance. The audit opinion is based on the findings from each audit, the priority of risks and content of recommendations made.</p> <p>Evidence – sample of audit reports</p>
183		When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓			<p>Yes, it is standard practice to communicate results verbally during the audit and before the report is released, especially if any significant or material issues have been flagged.</p>

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						It should be noted that the audit report is a summary of the audit findings as well as a professional judgement of the auditor – management or Members should not be allowed to exert any undue influence over the reporting process and its findings.
184		When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	✓			The audit opinion is always supported by the main findings from the audit and which are recorded in the audit report. They should all be evidence based. The opinion is generated from the the amount and severity of audit findings and recommendations. In practice very few audits are issued with “nil” or “full” assurance Evidence – sample of audit reports
185		Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓			All audit reports try to be balanced to a certain degree, taking into account both positive and negative feedback. Where noticeable improvements have been made from previous audits, these would definitely be reflected in the audit feedback and praise given where praise is due. It should be noted that typically audit findings tend to be presented “by exception” thus keeping the length of

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						the report done, but also focuses the reader on the key issues. Evidence – sample of audit reports
186		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?	✓			Yes, the communication should always make reference to keeping the information confidential and shared on a need to know basis only. It should be noted that the vast majority of audit reports are for internal use only. The Council's current software limits files being shared in any case. Data sharing protocols could be utilised subject to the sensitivity and confidentiality of the information.
187	LGAN 50	If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?	✓			Does not occur – but a protocol would be in place to ensure this. The IA team responsibility is to senior management and Members of the Council
		<i>2420 Quality of Communications</i>				
188		Are communications:				
		a) Accurate?	✓			All communications are subject to the

Our Ref	Ref	Conformance with the Standard	Y	P	N	Evidence
						<p>normal supervisory approaches and would be subject to the guidelines contained in the Audit Charter and Audit Manual. The IA structure allows for regular quality control mechanisms in place over all audit work and communication, both informal and formal, would be included in this <i>Evidence – sample of audit reports</i></p>
		b) Objective?	✓			<p>All communications are subject to the normal supervisory approaches and would be subject to the guidelines contained in the Audit Charter and Audit Manual. The IA structure allows for regular quality control mechanisms in place over all audit work and communication, both informal and formal, would be included in this <i>Evidence – sample of audit reports</i></p>