



Name of the organisation:	Eastbourne Borough Council		
Name of the internal audit activity:	Internal Audit		
Date of the internal audit evaluation	January 2013	Date of the previous internal audit evaluation:	March 2012 – using CIPFA checklist
Title of the designated Chief Audit Executive:	Internal Audit Manager	Name of the designated Chief Audit Executive:	Jackie Humphrey
Name of the committee that is responsible for audit matters and to whom the Chief Audit Executive reports (When the standards say “board”, who does that mean in the organisation)	Audit and Governance Committee	Reporting line of the Chief Audit Executive (When the standards say senior management, who does that mean)	Chief Finance Officer Also direct line of access to the Chief Executive and/or Leader of the Council should circumstances warrant such.

Name and title of reviewer	Internal self assessment – Jackie Humphrey – Internal Audit Manager
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Introduction

This document is a tool for assessing the quality of internal audit. It enables a systematic comparison of the organisation, management and practice of internal audit in your organisation to the mandatory aspects of the International Professional Practice Framework (IPPDF) of the Institute of Internal Auditors. The assessment can be performed where internal audit is provided by an in-house team or by an external provider of internal audit services. There are two stages to the quality assurance and improvement programme (QAIP).

Firstly, assessors are required to record evidence and information that demonstrates conformance with the *Definition of Internal Auditing*, the *Code of Ethics* and each *International Standard* specifying general, partial or non-conformance at each stage.

The second stage of the assessment recognises the importance and value of continuous improvement and requires the assessor to record the action that internal audit will take to improve conformance with the IPPF. Such improvements may arise as a result of gaps in conformance, problems in implementation or as an additional step to improve quality where conformance already exists.

The evaluation procedure on the next page describes the approach for implementing both stages.

The Institute has chosen to base its evaluation procedure on the structure and detail of the IPPF but other diagnostic tools can be used as the basis for a quality assessment. One such tool is the EFQM model that focuses assessment on 'enablers' and 'results' such as leadership, policy and strategy, people results, customer results etc. The QAIP can therefore be used on a standalone basis or in conjunction with other compatible assessment techniques that form a wider quality programme.

Our document can be used by heads of internal audit to perform a self-assessment or by a suitably experienced assessor for the purpose of an external quality assessment.

As with all tools of this nature there will always be scope for updates and improvements. In particular, the key conformance criteria are designed to provide examples of how internal audit activities can demonstrate conformance with individual standards but these are not definitive requirements they are merely suggestions. Organisation may choose to adopt equally valid, alternative ways of satisfying the principles set out in the standards to fit their circumstances. We hope members will contribute suggestions to maintain its relevance and value. We have attached a feedback form at Appendix 1 for this purpose.

Since the publication of the checklist in May 2010 there have been an updates to reflect the revision of the *International Standards* on 1 January 2011 and 1 January 2013. Changes to the standards in 2013 are highlighted in blue.

Evaluation Procedure

- Examine and reflect upon the requirements of the *Definition of Internal Auditing*, the *Code of Ethics* and each *International Standard*. Use the relevant *Interpretation* within the Standards to build your understanding.
- Consider the key conformance criteria that will demonstrate compliance. You may wish to add other conformance criteria that are specific to your organisation or there may be additional criteria you wish to suggest. If you have suggestions use the form at Appendix 1 to provide feedback.
- Record the full range and extent of the evidence that exists within the internal audit activity and the organisation that demonstrates conformance with the *Standard*. There are lots of ways to gather information to support your assessments. This might include interviews with stakeholders and internal auditors as well as reviewing files, work papers reports and personnel records. As a result you may need to prepare an interview schedule and timetable.
- Compare the evidence to the key conformance criteria and assess the degree of conformance. Use the definitions that are provided below to guide your evaluation. Any of the key conformance criteria that is not achieved, would strongly suggest a rating of '**does not conform**' or '**partially conforms**'.
- Record the assessments in the table provided (pages 4 to 6) shading the boxes green, amber or red. Use this to present a summary of the results and to make an overall assessment. If most of the *Standards* are judged to be '**does not conform**', then the overall assessment must be '**does not conform**'.

Definitions

GC Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

PC Partially Conforms means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual *Standard* or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.

DNC Does Not Conform means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual *Standard* or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board. Often, the most difficult evaluation is the distinction between general and partial. It is a judgment call keeping in mind the definition of general conformance above. Carefully read the *Standard* to determine if basic conformance exists. The existence of opportunities for improvement, better alternatives, or other successful practices do not reduce a generally conforms rating.

		GC	PC	DNC
	Definition of Internal Auditing			
Reference	Code of Ethics			
1	Integrity	✓		
2	Objectivity	✓		
3	Confidentiality	✓		
4	Competence	✓		
Reference	Attribute Standards			
1000	Purpose, Authority and Responsibility	✓		
1010	Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter	✓		
1100	Independence and Objectivity	✓		
1110	Organisational Independence	✓		
1111	Direct Interaction with the Board	✓		
1120	Individual Objectivity	✓		
1130	Impairments to Independence or Objectivity		✓	
1200	Proficiency and Due Professional Care (The sum of <i>Standards</i> 1210-1230)	✓		
1210	Proficiency	✓		
1220	Due Professional Care	✓		
1230	Continuing Professional Development	✓		

1300	Quality Assurance and Improvement Programme (The sum of <i>Standards</i> 1310-1320)	✓		
1310	Requirements of the Quality Assurance and Improvement Programme		✓	
1311	Internal Assessments	✓		
1312	External Assessments			✓
1320	Reporting on the Quality Assurance and Improvement Programme	✓		
1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing		✓	
1322	Disclosure of Non-conformance		✓	
Reference	Performance Standards			
2000	Managing the Internal Audit Activity (Sum total of <i>Standards</i> 2010 – 2060)	✓		
2010	Planning	✓		
2020	Communication and Approval	✓		
2030	Resource Management	✓		
2040	Policies and Procedures	✓		
2050	Coordination	✓		
2060	Reporting to Senior Management and the Board	✓		
2070	External Service Provider and Organisational Responsibility for Internal Audit	✓		
2100	Nature of Work (Sum of <i>Standards</i> 2110 – 2130)	✓		
2110	Governance	✓		
2120	Risk Management	✓		
2130	Control	✓		

2200	Engagement Planning (Sum of <i>Standards</i> 2201-2240)	✓		
2201	Planning Considerations	✓		
2210	Engagement Objectives	✓		
2220	Engagement Scope	✓		
2230	Engagement Resource Allocation	✓		
2240	Engagement Work Programme	✓		
2300	Performing the Engagement (The sum of <i>Standards</i> 2300-2340)	✓		
2310	Identifying Information	✓		
2320	Analysis and Evaluation	✓		
2330	Documenting Information	✓		
2340	Engagement Supervision	✓		
2400	Communicating Results (Sum of <i>Standards</i> 2410-2440)	✓		
2410	Criteria for Communicating	✓		
2420	Quality of Communications	✓		
2421	Errors and Omissions	✓		
2430	Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing'			
2431	Engagement Disclosure of Non-conformance			
2440	Disseminating Results	✓		
2450	Overall Opinions	✓		

2500	Monitoring Progress	✓		
2600	Resolution of Senior Management s Acceptance of Risks	✓		

Definition of Internal Auditing & Code of Ethics	Key conformance criteria	Blank for internal auditor to note down to support assessment	Blank for internal auditor to record actions for further improvement
Definition of internal auditing			
<p>Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p>	<p>There are key areas with the International Standards that will help to decide whether or not internal audit meets the definition of internal auditing. These are:</p> <p>Attribute Standards 1010, 1100, 1110 and 1130</p> <p>Performance Standards 2010 and the 2100 series.</p> <p>However, an important aspect is the extent to which internal audit helps the organisation to achieve its objective and improve:</p> <ul style="list-style-type: none"> • The internal audit plan and the work of internal audit must focus on the things that matter to the organisation. • The opinions and recommendations that internal audit provide must help the organisation and be valued by stakeholders. 	<p>The IIA definition of internal audit has been included in the Audit Charter since 2009.</p>	<p>The Audit Charter will be updated to include reference to the Public Sector Internal Audit Standards and to the Seven Principles of Public Life.</p>
Code of Ethics			
1. Integrity			
<p>The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.</p>			
Rules of Conduct – Internal auditors:			

Definition of Internal Auditing & Code of Ethics	Key conformance criteria	Blank for internal auditor to note down to support assessment	Blank for internal auditor to record actions for further improvement
<p>1.1 Shall perform their work with honesty, diligence and responsibility.</p> <p>1.2 Shall observe the law and make disclosures expected by the law and the profession.</p> <p>1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation.</p> <p>1.4 Shall respect and contribute to the legitimate and ethical objectives of the organisation.</p>	<p>Internal audit has:</p> <ul style="list-style-type: none"> • A high profile within the organisation. • A reputation for honesty, fair dealing and truthfulness – behaves with integrity. • Resilience and determination – is persistent when required. • High standards for doing their job and maintains these in practice. • Involvement in reviewing and developing ethical behaviour in the organisation. 	<p>A Code of Ethics for Internal Auditors has been held since 2009. The code includes all the elements of the IIA code of ethics.</p>	<p>The Code of Ethics will be updated to include specific reference to the Public Sector Internal Audit Standards and to the Seven Principles of Public Life.</p>
2. Objectivity			
<p>Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.</p>			
Rules of Conduct - Internal auditors:			
<p>2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.</p> <p>2.2 Shall not accept anything that may impair or be presumed to impair their professional judgement.</p> <p>2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.</p>	<p>Individual objectivity, which includes an interpretation of 'conflict of interest', is set out within Attribute Standards 1120 and 1130. Compliance with these Attribute Standards will generally result in compliance with the Rules of Conduct.</p> <p>Internal audit is free from any bias or conflict of interest that would undermine or question their judgement – either in reality or perception.</p>	<p>A Code of Ethics for Internal Auditors has been held since 2009. The code includes all the elements of the IIA code of ethics.</p>	<p>The Code of Ethics will be updated to include specific reference to the Public Sector Internal Audit Standards and to the Seven Principles of Public Life.</p>

Definition of Internal Auditing & Code of Ethics	Key conformance criteria	Blank for internal auditor to note down to support assessment	Blank for internal auditor to record actions for further improvement
3. Confidentiality			
Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.			
Rules of Conduct - Internal auditors:			
<p>3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.</p> <p>3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.</p>	<p>Confidentiality relating to internal audit work is set out within Performance Standard 2330 and compliance with this will generally result in compliance with the Rules of Conduct.</p> <p>Security and protection of information should be subject to daily routine and safeguards. Potential and actual breaches in confidentiality should be taken seriously and acted upon accordingly.</p>	A Code of Ethics for Internal Auditors has been held since 2009. The code includes all the elements of the IIA code of ethics.	The Code of Ethics will be updated to include specific reference to the Public Sector Internal Audit Standards and to the Seven Principles of Public Life.
4. Competency			
Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.			
Rules of Conduct - Internal auditors:			
<p>4.1 Shall engage only in those services for which they have the necessary knowledge, skills and experience.</p> <p>4.2 Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.</p> <p>4.3 Shall continually improve their proficiency and the effectiveness and quality of their services.</p>	<p>Competency is covered by the 1200 series of the Attribute Standards and compliance with these will generally result in compliance with the Rules of Conduct.</p> <p>Overall there should be a culture of continuous improvement, a commitment to staff retention and development, an appreciation of the IPPF among staff and assignment of work based on competency.</p>	A Code of Ethics for Internal Auditors has been held since 2009. The code includes all the elements of the IIA code of ethics.	The Code of Ethics will be updated to include specific reference to the Public Sector Internal Audit Standards and to the Seven Principles of Public Life.

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
Attribute Standards			
1000 Purpose, Authority, and Responsibility			
<p>The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.</p> <p>Interpretation:</p> <p>The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.</p> <p>1000. A1 The nature of assurance services provided to the organisation must be defined in the internal audit charter. If assurances are to be provided to parties outside the organisation, the nature of these assurances must also be defined in the internal audit charter.</p> <p>1000. C1 The nature of consulting services must be defined in the internal audit charter.</p>	<p>The internal audit (IA) activity has a formal definition of its purpose, authority and responsibility, which recognises the IIA definition of IA. Whatever document provides the formal definition will be the "internal audit charter" for the purposes of the standards - no matter what the document is actually called. The charter:</p> <ul style="list-style-type: none"> • Establishes the position and reporting lines of IA within the organisation - both functional and administrative reporting lines. • Provides IA with unrestricted access to records, personnel, and physical properties relevant to the performance of engagements. • Sets the tone for IA activities and interaction with the board. • Defines the nature and scope of activities to be performed by IA – assurance, and consultancy engagements. • Sets out the nature and scope of IA assurance provided to parties outside the organisation. • Is approved by the board. <p>The charter is kept up to date by:</p> <ul style="list-style-type: none"> • Periodic review, which involves consultation with the senior management and the board. • Incorporating changes in the International Professional Practice Framework (IPPF) as and when they occur. 	<p>An Audit Charter has been held since 2009. This was originally approved by the Audit Task Group (forerunner of the current Audit and Governance Committee). The charter is reviewed annually by the Internal Audit Manager and is taken back to the committee if any changes are made.</p>	<p>The Audit Charter will be updated to include reference to the Public Sector Internal Audit Standards and to the Seven Principles of Public Life.</p>

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
1000 Conclusion	Purpose, Authority, and Responsibility	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	
1010 Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter			
<p>The mandatory nature of the Definition of Internal Auditing, the Code of Ethics, and the Standards must be recognised in the internal audit charter.</p> <p>The chief audit executive should discuss the Definition of Internal Auditing, the Code of Ethics, and the Standards with senior management and the board.</p>	<p>The charter includes reference to the mandatory nature of the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i> and the <i>International Standard</i>.</p> <p>The charter makes a formal commitment to the <i>Definition of Internal Auditing</i>, <i>Code of Ethics</i> and <i>International Standards</i>.</p> <p>There is a record of discussions with senior management and the board regarding the mandatory aspects of the IPPF and the extent of the commitment to them e.g. within minutes of the board or other formal record</p>	<p>The Audit Charter contains the definition of Internal Auditing and is reviewed annually.</p> <p>The Code of Ethics for Internal Auditors is also regularly reviewed.</p>	<p>The Audit Charter will be updated to clearly state the mandatory nature of the Definition of Internal Auditing, the Code of Ethics and the Public Sector Internal Auditing Standards.</p> <p>A report will be taken to the Corporate Management Team and the Audit and Governance Committee explaining the new requirements for public sector internal auditing.</p>
1010 Conclusion	Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>1100 Independence and Objectivity</p> <p>The internal audit activity must be independent, and internal auditors must be objective in performing their work.</p> <p>Interpretation:</p> <p>Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organisational levels.</p> <p>Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organisational levels.</p>	<p>The board review and approve the:</p> <ul style="list-style-type: none"> • Internal audit charter • Risk based internal audit plan • Performance against the plan • The appointment and removal of CAE • Any restrictions on scope and or resources <p>The internal audit charter and planning documents – such as IA strategy, annual IA plan and business plans- do not contain major restrictions upon IA activity.</p> <p>IA plans are consistent with the scope, authority and responsibility of the IA activity set out in the internal audit charter.</p> <p>IA plans account for all of the resources and time available to IA.</p> <p>IA does not have responsibility for the management of operations within the organisation.</p> <p>IA role and relationship with regard to other assurance providers, inside and outside the organisation is established and documented.</p> <p>The justification for the use of internal audit contingency time is recorded and reported to the board.</p>	<p>The independence of the Internal Audit function is clearly laid down in the Audit Charter.</p> <p>The Audit and Governance Committee reviews:</p> <ul style="list-style-type: none"> • Any changes made to the Audit Charter • The production of the annual risk based audit plan • Quarterly reports of performance against the plan <p>The committee is not responsible for the appointment or removal of the CAE.</p> <p>The charter makes clear that Internal Auditors have unrestricted access to premises and records if required.</p> <p>The annual audit plan is put together with regard to the resources and time available, a risk assessment of systems and corporate needs and initiatives.</p> <p>Progress against the annual plan is reported quarterly to the Audit and Governance Committee.</p>	
<p>1100 Conclusion</p>	<p>Independence and Objectivity</p>	<p>✓GC ●OPC ●DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>1110 Organisational Independence</p> <p>The chief audit executive must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities.</p> <p>The chief audit executive must confirm to the board, at least annually, the organisational independence of the internal audit activity.</p> <p>Interpretation:</p> <p>Organisational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:</p> <ul style="list-style-type: none"> • approving the internal audit charter, • approving the risk based internal audit plan, • approving the internal audit budget and resource plan, • receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters, • approving decisions regarding the appointment and removal of the chief audit executive, • approving the remuneration of the chief audit executive, and • making appropriate enquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations. <p>1110.A1 The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.</p>	<p>The chief audit executive reports to a level in the organisation that is adequate to discharge his or her responsibilities – to the board functionally and the CEO administratively.</p> <p>To apply functional reporting the board typically:</p> <ul style="list-style-type: none"> • Approves the IA Charter, IA risk assessment and related IA plan. • Receives the results of IA activities, performance and other matters that the CAE determines are necessary, • Hold private meetings with the CAE. • Receives annual confirmation of IA's organisational independence. • Approves decisions regarding the performance evaluation, appointment, or removal of the CAE. • Approve the IA strategy, plan and budget. • Makes appropriate inquiries of senior management and the CAE to determine whether there is audit scope or budgetary limitations that impede the ability of the IA activity to execute its responsibilities. <p>To apply administrative reporting the CEO ensures:</p> <ul style="list-style-type: none"> • The preparation on an annual budget and appropriate budgetary control. • Human resource administration, including personnel evaluations and compensation. • Internal communications and information flows. 	<p>The Audit Charter gives the following reporting structure under the paragraph on Independence:</p> <p><i>Internal Audit is an independent unit within Financial Services. To ensure its independence the Internal Audit Manager has right of access to the Chief Executive and/or the Leader of the Council should circumstances warrant such. In addition, there is a right of access to all Members of the Council as a matter of last resort.</i></p> <p>However, on a day-to-day administrative level the Internal Audit Manager reports to the Chief Finance Officer.</p> <p>The risk assessment and related IA plan are presented to both Corporate Management Team and the Audit and Governance Committee as is a quarterly report on progress against the plan.</p> <p>The Chair of the Audit and Governance Committee does not regularly meet with the Internal Audit Manager on a 1-2-1 basis but either can request such a meeting at any time.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
1110 Conclusion	Organisational Independence	✓GC ●PC ●DNC	
<p>1111 Direct Interaction with the Board</p> <p>The chief audit executive must communicate and interact directly with the board.</p>	<p>CAE regularly attends board meetings, reporting upon IA plans and activities.</p> <p>CAE is given the opportunity to understand the way the board conducts its oversight of governance, risk management and control.</p> <p>One to one sessions between the CAE and the board are planned into the annual timetable, either as part of the annual schedule of meetings or through the agreed working relationship between CAE and chair of the board.</p> <p>This occurs at least annually.</p>	<p>The Internal Audit Manager reports quarterly to both the Corporate Management Team and the Audit and Governance Committee on the progress of work against the annual plan.</p> <p>The Chair of the Audit and Governance Committee does not regularly meet with the Internal Audit Manager on a 1-2-1 basis but either can request such a meeting at any time</p>	
1111 Conclusion	Direct Interaction with the Board	✓GC ●PC ●DNC	
1120 Individual Objectivity			
<p>Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.</p> <p>Interpretation:</p> <p>Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interests can make it difficult to fulfil his or her duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity, and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.</p>	<p>Information relating to internal auditors includes responsibilities held prior to appointment.</p> <p>The organisational chart and IA plans showing placement of internal auditors is compared to the information on the previous positions and responsibilities of internal auditors to ensure individual independence and objectivity.</p> <p>There is regular review of the placement/location of IA team members to ensure independence. This takes into account the consultancy work individual internal auditors have performed when assigning assurance engagement. Internal auditors do not provide assurance in areas where they have been involved in advising management.</p>	<p>The Internal Audit Manager will take into account the past work of a new auditor when allocating assignments to ensure that they are not auditing work that they participated in.</p> <p>The current team is small and therefore rotation of staff on assignments is not always possible, especially where there is a specialism involved.</p>	
1120 Conclusion	Individual Objectivity	✓GC ●PC ●DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>1130 Impairment to Independence or Objectivity</p>			
<p>If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.</p> <p>Interpretation:</p> <p>Impairment to organisational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations, such as funding.</p> <p>The determination of appropriate parties to which the details of an impairment to independence or objectivity must be disclosed is dependent upon the expectations of the internal audit activity's and the chief audit executive's responsibilities to senior management and the board as described in the internal audit charter, as well as the nature of the impairment.</p> <p>1130. A1 Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.</p> <p>1130. A2 Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.</p> <p>1130. C1 Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.</p>	<p>CAE has established rules of conduct that clearly set out expected behaviour and defines the nature of conflict of interest and impairment of objectivity.</p> <p>This may include recognition or adoption of the organisation's Code of Practice provided this contains sufficient detail – including the acceptance of gift and hospitality. Where these do not exist or they lack clarity IA should formulate separate policies.</p> <p>Internal auditors are required to register hospitality and gifts, which is reviewed on a regular basis.</p> <p>Policies make auditors aware they must report any real or perceived conflict of interest as soon as such conflict arises.</p> <p>Procedures exist to support the policy and there is information to illustrate application – conflict of interest statements.</p> <p>Policy exists to ensure that assurance engagements of areas that are under the control or direct influence of the CAE are overseen by a party external to the CAE</p> <p>IA engagements are rotated ensuring that activities and entities are not audited by the same auditor.</p> <p>The assignment of internal engagements are rotated to ensure that internal auditors involved in the development of systems and procedures do not review the management of risks and application of risk responses in these areas.</p>	<p>The Code of Ethics for Internal Auditors clearly defines what is expected in terms of integrity and objectivity. It also lists the responsibilities of the individual auditor for applying professional care and conducting themselves appropriately. This covers gifts and hospitality, conflicts of interest etc.</p> <p>The current team is small and therefore rotation of staff on assignments is not always possible, especially where there is a specialism involved.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>1130.C2 If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.</p>			
<p>1130 Conclusion</p>	<p>Impairment to Independence or Objectivity</p>	<p>●GC <input checked="" type="radio"/>PC ●DNC</p>	
<p>1200 Proficiency and Due Professional Care</p>			
<p>Engagements must be performed with proficiency and due professional care.</p>	<p>The sum of <i>Standards</i> 1210-1230</p>		
<p>1210 Proficiency</p>			
<p>Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.</p> <p>Interpretation:</p> <p>Knowledge, skills, and other competencies is a collective term that refers to the professional proficiency required of internal auditors to effectively carry out their professional responsibilities. Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor designation and other designations offered by The Institute of Internal Auditors and other appropriate professional organisations.</p>	<p>There is a job description or person specification for each post with the IA organisation structure that defines appropriate knowledge, skills and experience.</p> <p>The job descriptions/person specifications are reviewed periodically or when positions become available.</p> <p>The knowledge, skills and competencies referred to might include:</p> <ul style="list-style-type: none"> • Applying internal audit standards, procedures, and techniques in performing engagements. • Accounting principles and techniques if internal auditors work extensively with financial records and reports. • Knowledge to identify the indicators of fraud. • Knowledge of key information technology risks and controls and available technology-based audit techniques. • Communication and networking skills. • Managing people. 	<p>A job description and person spec are held for all the posts in the Internal Audit team. These are reviewed when a post becomes vacant.</p> <p>All staff take part in annual appraisals where the job description is reviewed and any training requirements are considered.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>1210.A1 The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.</p> <p>1210.A2 Internal Auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.</p> <p>1210.A3 Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.</p> <p>1210.C1 The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.</p>	<p>A process exists that identifies individual internal auditor training and development needs with support for qualification programmes and other training and development activities.</p> <p>Internal auditor performance is reviewed on a regular basis, the results of which feed back into the needs assessment and CPD process.</p> <p>Internal auditors who perform specialised audit and consulting work such as information technology, tax, actuarial, or systems design undertake specific training and development.</p> <p>The CAE identifies gaps in knowledge and skills in the formulation of internal audit plans and engages capable assistance with approval of senior management and the audit committee.</p> <p>Capable assistance includes co-sourcing arrangements, use of internal experts and other assurance providers and specialist service providers external to the organisation.</p> <p>The CAE assesses the competency and objectivity of external service providers prior to their appointment.</p>	<p>All staff take part in annual appraisals where the job description is reviewed and any training requirements are considered.</p> <p>The Internal Audit Manager ensures that auditors with specialisms keep their knowledge up to date.</p> <p>Online information is utilised where required and other members of the Sussex Audit Group are happy to share information.</p>	
<p>1210 Conclusion</p>	<p>Proficiency</p>	<p>✓GC ●PC ●DNC</p>	
<p>1220 Due Professional Care</p>			
<p>Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.</p>	<p>The IA activity formally defines how it operates in a series of policies and procedures. For some the collection of documents may take the form of an Internal Audit Manual.</p>	<p>An Audit Manual is held and is reviewed annually.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>1220.A1 Internal auditors must exercise due professional care by considering the:</p> <ul style="list-style-type: none"> • Extent of work needed to achieve the engagement's objectives; • Relative complexity, materiality, or significance of matters to which assurance procedures are applied; • Adequacy and effectiveness of governance, risk management, and control processes; • Probability of significant errors, fraud, or non-compliance; and • Cost of assurance in relation to potential benefits. <p>1220.A2 In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.</p> <p>1220.A3 Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.</p> <p>1220.C1 Internal auditors must exercise due professional care during a consulting engagement by considering the:</p> <ul style="list-style-type: none"> • Needs and expectations of clients, including the nature, timing, and communication of engagement results; • Relative complexity and extent of work needed to achieve the engagement's objectives; and • Cost of the consulting engagement in relation to potential benefits. 	<p>The policies and procedures specify the way audit files and working papers need to be kept to record the information gathered and analysis performed during the audit engagement.</p> <p>Policies and procedure recognise the elements and requirements of the IPPF.</p> <p>Internal auditors research and gather background information to help them prioritise objectives and set boundaries for each audit engagement – assurance and consulting.</p> <p>The objectives and priorities for audit engagements are discussed with senior management and stakeholders where appropriate.</p> <p>Audit engagements focus upon management's assessment of risk responses. Taking into consideration residual risk and management assurance upon the effectiveness of the risk response. Where this is not available internal auditors perform their own assessment of risks.</p> <p>Where appropriate audit engagements are supported by appropriate tools, including reporting within information systems, interrogation techniques and other CAATTs.</p> <p>The communication of conclusions and audit opinions are based on appropriate information such as observations, tests, analyses and other documentation. This is indexed and classified in working papers linked to the engagement work programme, schedule of testing and audit objectives.</p>	<p>The full procedures for carrying out audit engagements are laid down in the Audit Manual. This includes the way in which files are retained, research, discussions with management etc.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
1220 Conclusion	Due Professional Care	✓GC ●PC ●DNC	
1230 Continuing Professional Development			
Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.	<p>There is a process to assess the training and development needs of internal auditors that provides input to the continuous professional development (CPD) programme required by the Institute.</p> <p>The process may be based upon the organisation's staff appraisal procedure but centres upon the development of professional proficiency and the changing demands upon the profession.</p>	CPD is undertaken by carrying out research on new assignment areas, attending conferences and any training which is identified as need during appraisals.	
1230 Conclusion	Continuing Professional Development	✓GC ●PC ●DNC	
1300 Quality Assurance and Improvement Programme (QAIP)	The sum of <i>Standards</i> 1310-1320.		
<p>The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.</p> <p>Interpretation:</p> <p>A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.</p>	<p>The QAIP is about establishing a culture of continuous improvement to prevent problems and to underpin day-to-day delivery of a reliable assurance and consulting service.</p> <p>This is lead by the CAE who sets a vision, a strategy and service expectations through policies, procedures and review arrangements based upon stakeholder requirements and consultation with the internal audit team.</p> <p>Stakeholder expectations and the results of consultations with staff are documented.</p> <p>The establishment of QAIP and its purpose is reflected in the internal audit charter. This refers to the arrangements for supervision and review of the work that staff do.</p>	<p>The Internal Audit Manager reviews all audit assignments and evaluates these against set criteria. Feedback is given immediately to the auditor and is also taken into account for appraisals.</p> <p>Customer satisfaction surveys are given to clients and any negative feedback is immediately followed up or processes altered where required.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>1310 Requirements of the Quality Assurance and Improvement Program</p>			
<p>The quality assurance and improvement program must include both internal and external assessments.</p>	<p>There is a plan or schedule agreed with senior management and the board that sets out the type, nature and timing of future assessments – both internal and external.</p>	<p>An internal self-assessment of the Effectiveness of Internal Audit (using the CIPFA template) is compiled and reported to the Audit and Governance Committee annually.</p>	<p>No external review has been carried out. This matter is to be raised with the Chief Finance Officer and discussions will be held with the Sussex Audit Group to discuss the possibility of mutual assessments.</p>
<p>1310 Conclusion</p>	<p>Requirements of the Quality Assurance and Improvement Program</p>	<p>●GC <input checked="" type="radio"/>PC ●DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>1311 Internal Assessments</p> <ul style="list-style-type: none"> Ongoing monitoring of the performance of the internal audit activity; and Periodic self assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices. <p>Interpretation: Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.</p> <p>Periodic assessments are conducted to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.</p> <p>Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.</p>	<p>There is evidence of ongoing internal reviews of the performance of the internal audit activity.</p> <p>There are a variety of options for this depending on the size and structure of the service including self assessment by the internal audit activity, peer reviews, benchmarking exercises, post audit and/or annual client questionnaires, monitoring by the audit committee and other reviews initiated internally by the organisation.</p> <p>The ISO quality standard, EFQM and other models can be used to establish and maintain the QAIP.</p> <p>The precise nature and mix of the internal assessments will be decided by the organisation to best suit circumstances but all should evaluate internal audit activity in accordance with:</p> <ul style="list-style-type: none"> The professional requirements in the IPPF. The vision and policies set by the CAE. The Internal Audit Charter. Internal audit procedures that set out to achieve quality on a daily basis – including the recognition and prevention of 'defects'. 	<p>The Internal Audit Manager reviews all audit assignments and evaluates these against set criteria. Feedback is given immediately to the auditor and is also taken into account for appraisals.</p> <p>Customer satisfaction surveys are given to clients and any negative feedback is immediately followed up or processes altered where required.</p> <p>Benchmarking is carried out by members of the Sussex Audit Group and in which Eastbourne takes part.</p>	
<p>1311 Conclusion</p>	<p>Internal Assessments</p>	<p>✓GC ●PC ●DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
1312 External Assessments			

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The chief audit executive must discuss with the board:</p> <ul style="list-style-type: none"> • The form and frequency of external assessments; and • The qualifications and independence of the assessor or assessment team, including any potential conflict of interest. <p>Interpretation:</p> <p>External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.</p> <p>A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organisations of similar size, complexity, sector or industry and technical issues is more valuable than less relevant experience. In the case of a assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.</p> <p>An independent assessor or assessment team means not having either a real or an apparent conflict of interest and not being a part of, or under the control of, the organisation to which the internal audit activity belongs.</p>	<p>The CAE consults with the board when deciding the frequency of the external assessment and the qualifications and independence of the external reviewer or review team.</p> <p>The reviewer or review team is from outside the organisation and is free from any obligations to or interests in the organisation – in particular consulting services.</p> <p>Reviewers are qualified, with appropriate competence and experience of IA – at least three years at manager level - and knowledge of leading practices in IA, as well as current, in-depth knowledge of the IPPF.</p> <p>There is evidence of comprehensive external reviews at least every 5 years (This includes peer review where there is an element of independence in the process).</p> <p>For some organisations external quality reviews may be carried out more regularly based upon regulatory or funding requirements – particularly the public sector.</p> <p>External audit reviews may also be appropriate where significant change has occurred within the organisation of internal audit activity.</p>	<p>No external review has been carried out.</p>	<p>This matter is to be raised with the Chief Finance Officer and discussions will be held with the Sussex Audit Group to discuss the possibility of mutual assessments.</p>

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
1312 Conclusion	External Assessments	<input type="radio"/> GC <input type="radio"/> PC <input checked="" type="radio"/> DNC	
1320 Reporting on the Quality Assurance and Improvement Programme			
<p>The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board.</p> <p>Interpretation:</p> <p>The form, content, and frequency of communicating the results of the quality assurance and improvement program is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and chief audit executive as contained in the internal audit charter. To demonstrate conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards, the results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the assessor's or assessment team's evaluation with respect to the degree of conformance.</p>	<p>The results of the QAIP are reported to the stakeholders of IA.</p> <p>Where the IA activity cannot conform with one aspect or other of the IPPF the details of the non-conformance and its implications are reported to the board.</p> <p>All aspects of the QAIP generate improvements in what is done and in how it is done. This is done using agreed and assigned action plans with target dates</p> <p>Follow-up and reporting of the implementation of actions to senior management and the board.</p>	<p>The self assessment template for the CIPFA review of the Effectiveness of Internal Audit is reported annually to the Audit and Governance Committee. When this was first in place an action plan for improvements was also reported until as much compliance as possible was achieved.</p>	<p>The results of carrying out this assessment will be reported to the committee and an action plan put in place in order to ensure that as much compliance as possible is ensured before the first necessary review of these standards is carried out.</p>
1320 Conclusion	Reporting on the Quality Assurance and Improvement Program	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>1321 Use of Conforms with the International Standards for the Professional Practice of Internal Auditing</p>			
<p>The chief audit executive may state that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing only if the results of the quality assurance and improvement program support this statement.</p> <p>Interpretation:</p> <p>The internal audit activity conforms with the <i>International Standards</i> when it achieves the outcomes described in the <i>Definition of Internal Auditing, Code of Ethics and International Standards</i>.</p> <p>The results of the quality assurance and improvement programme include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.</p>	<p>The wording that the IA activity uses in reports regarding conformance with the IPPF is consistent with the results of the quality assessments – internal and external.</p> <p>The IA activity conforms to the IPPF when it achieves the outcomes described in the Definition of Internal Auditing, Code of Ethics and International Standards.</p>	<p>Currently the annual reports to the Audit and Governance Committee refer to the conformity with the CIPFA review of the Effectiveness of Internal Audit.</p> <p>Reporting on conformity with these standards does not come into effect until April 2013.</p>	<p>In the end of year report to Audit and Governance Committee for the year 2013-14 conformance with these standards will be reported.</p>

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
1321 Conclusion	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing	<input type="radio"/> GC <input checked="" type="radio"/> PC <input type="radio"/> DNC	
1322 Disclosure of Non-conformance			
When non-conformance with the Definition of Internal Auditing, the Code of Ethics, or the Standards impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the non-conformance and the impact to senior management and the board.	There is evidence of appropriate disclosure linked to 1321.	Consideration will be given to the wording of any report of non-conformance with the standards in the end of year report for 2013-14. It is not felt that the lack of an external assessment nor inability to use “conforms with” in the report will impact the overall scope or operation of the internal audit activity.	
1322 Conclusion	Disclosure of Non-conformance	<input type="radio"/> GC <input checked="" type="radio"/> PC <input type="radio"/> DNC	
Performance Standards			
2000 Managing the Internal Audit Activity	The sum of <i>Standards</i> 2010 - 2060		
The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation.	The internal audit activity adds value to the organisation (and its stakeholders) when it provides: <ul style="list-style-type: none"> • Objective and relevant assurance, and • Contributes to the effectiveness and efficiency of governance, risk management and control processes. 	Added value can be difficult to quantify however by adhering to the standards it is felt that the internal audit function will be demonstrating this. Satisfaction surveys demonstrate that the reviews are useful and relevant. Planning processes ensure that senior management and the Audit and Governance Committee have input into the process. Growing use of consultancy as a service provided by the internal audit activity ensures that advice can be given early in a project ensuring correct controls are in place from the start being more added value than a review carried out after implementation.	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>Interpretation:</p> <p>The internal audit activity is effectively managed when:</p> <ul style="list-style-type: none"> • The results of the internal audit activity’s work achieve the purpose and responsibility included in the internal audit charter; • The internal audit activity conforms with the Definition of Internal Auditing and the Standards; and • The individuals who are part of the internal audit activity demonstrate conformance with the Code of Ethics and the Standards. <p>The internal audit activity adds value to the organisation (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.</p>	<p>Delivery of the internal audit service to the organisation involves planning, communication and approval, resource management, policies and procedures, coordination and reporting to senior management and the board.</p> <p>As well as functional management the CAE may be required to comply with organisational administrative and personnel management requirements. This might include: business planning, budget forecasting and management, staff appraisal, succession planning etc.</p>		
<p>2000 Conclusion</p>	<p>Managing the Internal Audit Activity</p>	<p>✓GC ●PC ●DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2010 Planning			
<p>The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.</p> <p>Interpretation:</p> <p>The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consideration of input from senior management and the board. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls.</p>	<p>The CAE has established risk-based internal audit plans (RBIA) in consultation with the board and senior management that identifies where assurance and consultancy is required on risk management processes, management assurances and risk responses.</p> <p>The audit plan establishes a link between the proposed audit topics and the priorities and risks of the organisation taking into account:</p> <ul style="list-style-type: none"> • Stakeholder expectations, and feedback from senior and operational managers. • Objectives set in the strategic plan and business plans, including major projects and financial forecasts. • Risk maturity in the organisation to provide an indication of the reliability of risk registers. • Management's identification and response to risk, including risk mitigation strategies and levels of residual risk. • Legal and regulatory requirements. • The audit universe – all the audits that could be performed within the scope of the IA Charter. • Previous IA plans and the results of audit engagements. 	<p>A risk assessment is carried out annually of all the systems across the authority. This takes into account issues including the assurance level of the last review and the length of time since a review was last carried out.</p> <p>A draft audit plan is then produced and discussed with the Corporate Management Team before being taken to the Audit and Governance Committee.</p> <p>The Corporate Management Team also input any requests they have for special pieces of work to be carried out.</p> <p>Consultancy work has been included in the plan for the past couple of years and this trend will continue.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>2010.A1 The internal audit activity plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process</p> <p>2010.A2 The chief audit executive must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions.</p> <p>2010.C1 The chief audit executive should consider accepting proposed consulting engagements based on the engagement’s potential to improve management’s risks, add value, and improve the organisation’s operations. Accepted engagements must be included in the plan.</p>	<p>The CAE determines stakeholder expectations for IA opinions including the levels of assurance required, scope and the way assurance is given such as narrative or rating by discussion with senior management and the board.</p> <p>Where the organisation’s risk maturity is at formative level – defined as ‘naïve’ or ‘aware’ - IA may perform consulting engagements to support the improvement of risk management. In this situation IA performs its own risk assessment in formulating risk based IA plans.</p> <p>There is a degree of flexibility and contingency within IA plans to cater for the changing risk environment.</p> <p>There is formal approval of the plan by the board – in some cases internal audit is required to formulate a plan for approval that enables them to provide an annual opinion. This is understood and reflected in discussions and approval of the plan with senior management and the board.</p>	<p>See above.</p>	
<p>2010 Conclusion</p>	<p>Planning</p>	<p>✓GC ●PC ●DNC</p>	
<p>2020 Communication and Approval</p>			
<p>The chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.</p>	<p>The CAE communicates progress against the annual plan, including significant changes, to senior management and the board.</p> <p>The board monitor progress against plans.</p> <p>IA explain and justify deviations from the plan and the use of contingency time.</p>	<p>A quarterly report is taken to both the Corporate Management Team and the Audit and Governance Committee which shows work against plan. The Internal Audit Manager will report on any significant deviations.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2020 Conclusion	Communication and Approval	✓GC ●PC ●DNC	
2030 Resource Management			
<p>The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.</p>	<p>The level of resources included in the plan is determined by the management assurances and risks on which the board require objective assurance and consultancy – a needs assessment.</p>	<p>The resource of the section is at a minimum owing to budgetary constraints. However, this is acknowledged by the Chief Finance Officer and any loss of staff which would affect the level of assurance that could be given would be reported to the Audit and Governance Committee immediately.</p>	
<p>Interpretation: Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan.</p>	<p>The CAE has communicated to senior management and the board the impact of resource limitations. Staffing plans and financial budgets are determined from annual IA plans and activities. The CAE allocates internal engagements according to the competency levels and training plans of staff – refer back to the section of proficiency.</p>	<p>The audit plan is based on the resources available. Engagements are allocated according to competencies and specialisms.</p>	
2030 Conclusion	Resource Management	✓GC ●PC ●DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2040 Policies and Procedures			
<p>The chief audit executive must establish policies and procedures to guide the internal audit activity.</p> <p>Interpretation:</p> <p>The form and content of policies and procedures are dependent upon the size and structure of the internal audit activity and the complexity of its work.</p>	<p>There are appropriate policies and procedures, which are communicated to and understood by the staff of the internal audit activity.</p> <p>Internal auditors understand what is expected of them and the procedures recognise and apply the requirements of the IPPF</p> <p>Managers and the QAIP examine the application of policies and procedures – there is evidence to support supervision and quality management.</p> <p>Internal auditors meet to discuss the application of policies and procedures – with agreed actions.</p>	<p>An Audit Manual is held which is regularly reviewed. There are also set documents to be used and a “checklist” for carrying out reviews which is a list of the stages to be followed. All these are readily available to all auditors.</p> <p>The Internal Audit Manager reviews all the assignments and checks the work against a list of criteria and feeds the results back to the relevant auditor.</p>	
2040 Conclusion	Policies and Procedures	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	
2050 Coordination			
<p>The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts.</p>	<p>IA work is coordinated with that of the external auditors and with other internal providers of assurance and consulting services. This might include regular meetings, documented agreements, coordinated plans, sharing resources, training arrangements.</p> <p>In some cases IA may be required to assess the reliability of the work of other assurance providers. This is established in the Internal Audit Charter and factored into the IA plans.</p>	<p>There is regular liaison with the external auditors, especially for the work on main financial systems and grant claims forms.</p>	
2050 Conclusion	Coordination	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2060 Reporting to Senior Management and the Board			
<p>The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.</p> <p>Interpretation:</p> <p>The frequency and content of reporting are determined in discussion with senior management and the board and depend 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.</p>	<p>There is evidence that the CAE reports appropriately to the board and senior management on internal audit activities and performance. This might include:</p> <ul style="list-style-type: none"> • Board minutes. • CAE presentation to board. • Activity reports. • Interviews, management reports, reports on meetings. • Senior management's responses to internal audit reports. • Tangible evidence (e-mail records, internal memos, reports on meetings, etc.) demonstrating that the board had been informed. • Status of action plans. 	<p>Quarterly reports are taken to the Corporate Management Team and the Audit and Governance Committee. These included performance against plan and list the assurance level of all reviews carried out. Any with a low assurance level then have the key risk explained within the report.</p>	
2060 Conclusion	Reporting to Senior Management and the Board	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	
2070 External Service Provider and Organisational Responsibility for Internal Audit			
<p>When an external service provider serves as the internal audit activity, the provider must make the organisation aware that the organisation has the responsibility for maintaining an effective internal audit activity.</p> <p>Interpretation</p> <p>This responsibility is demonstrated through the quality assurance and improvement programme which assesses conformance with the <i>Definition of Internal Auditing</i>, the <i>Code of Ethics</i>, and the <i>International Standards</i>.</p>	<p>While IA may be outsourced to a provider of internal audit the organisation retains responsibility for its effectiveness. Responsibility for IA will be assigned to a suitably experience manager who takes ownership for the performance and effectiveness of IA.</p> <p>Quality control will be demonstrated through the QA&IP with both internal and external assessments.</p>	<p>N/A – the service is not outsourced.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2070 Conclusion	External Service Provider and Organisational Responsibility for Internal Audit	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	
2100 Nature of Work			
The internal audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach.	Sum of <i>Standards</i> 2110 – 2130 A significant part of internal audit's assurance role in relation to governance relates to the effectiveness of risk management – refer to the next section 2120		
2110 Governance			
The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives: <ul style="list-style-type: none"> • Promoting appropriate ethics and values within the organisation; • Ensuring effective organisational performance management and accountability; • Communicating risk and control information to appropriate areas of the organisation; and • Coordinating the activities of and communicating information among the board, external and internal auditors, and management. <p>2110.A1 The internal audit activity must evaluate the design, implementation, and effectiveness of the organisation's ethics-related objectives, programmes, and activities.</p> <p>2110.A2 The internal audit activity must assess whether the information technology governance of the organisation supports the organisations strategies and objectives.</p>	IA reviews the activities in place that manage and monitor the effective implementation of the organisation's; <ul style="list-style-type: none"> • Ethics and values. • Codes of conduct. • Levels of authority and responsibility. • Strategic objectives. • Compliance with laws and regulations. • Communication with stakeholders. • Social and ethical objectives, including validation of reported results. • IT governance, including information security. Internal audit's consultancy engagements support the improvement of the organisations governance framework, including the boards self assessment of performance, benchmarking and development of best practice based upon published reports such as the Combined Code.	All areas of the authority are considered when developing the annual plan. Individual and corporate policies and procedures are considered when carrying out any review.	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2110 Conclusion	Governance	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	
2120 Risk Management			
<p>The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.</p> <p>Interpretation:</p> <p>Determining whether risk management processes are effective is a judgment resulting from the internal auditors assessment that:</p> <ul style="list-style-type: none"> Organisational objectives support and align with the organisation’s mission; Significant risks are identified and assessed; Appropriate risk responses are selected that align risks with the organisation’s risk appetite; and Relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management, and the board to carry out their responsibilities. <p>The internal audit activity may gather the information to support this assessment during multiple engagements. The results of these engagements, when viewed together, provide an understanding of the organisation’s risk management processes and their effectiveness.</p> <p>Risk management processes are monitored through ongoing management activities, separate evaluations, or both.</p>	<p>Internal audit’s role with regard to risk management is set out in the internal audit charter.</p> <p>IA’s role with regard to risk management will vary according to the level of risk maturity within the organisation. Where risk management is well established (risk managed or risk enabled) internal audit provide assurance upon:</p> <ul style="list-style-type: none"> The effective implementation of risk management processes in relation to strategic and operational objectives. Reliable identification and assessment of risks with appropriate response. The reporting of risk and control status by management. The level of residual risk in relation to the organisations’ risk appetite. The effectiveness of the controls and other responses to risks. <p>The IA activity gathers the information to support an assessment of risk management during multiple engagements.</p> <p>The results of these engagements, when viewed together, provide an understanding of the organisation’s risk management and its effectiveness. Alternatively, IA may assess risk management processes as one single engagement.</p>	<p>The current Audit Charter includes the definition of internal audit which includes “improve the effectiveness of risk management”.</p> <p>A review of risk management is carried out periodically.</p> <p>The Internal Audit Manager has been tasked with being the lead in the authority for risk management and has helped to set up risk registers on Covalent and to monitor these. However, the manager is not responsible for completing any risk registers nor sorting out any mitigating actions others than those for the internal audit function itself.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>2120.A1 The internal audit activity must evaluate risk exposures relating to the organisation’s governance, operations, and information systems regarding the:</p> <ul style="list-style-type: none"> • Achievement of the organisation’s strategic objectives, • Reliability and integrity of financial and operational information. • Effectiveness and efficiency of operations and programmes. • Safeguarding of assets; and • Compliance with laws, regulations, policies procedures and contracts. <p>2120.A2 The internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.</p> <p>2120.C1 During consulting engagements, internal auditors must address risk consistent with the engagement’s objectives and be alert to the existence of other significant risks.</p> <p>2120.C2 Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation’s risk management processes.</p> <p>2120.C3 When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risks.</p>	<p>Where risk management is less developed (risk naïve, aware or defined) internal audit operate in a more advisory capacity to:</p> <ul style="list-style-type: none"> • Report upon the level of risk maturity and scope for improvement. • Support development of risk management framework. • Facilitate identification and assessment of risks. • Coach management in responding to risks. <p>Coordinate and consolidate reporting.</p> <p>IA refrains from taking full responsibility for risk management, including risk responses.</p> <p>IA carry out individual risk based engagements to provide assurance on part of the risk management framework, including on the mitigation of individual or groups of risks.</p> <p>IA evaluate the potential occurrence for fraud as part of audit engagements – included within objectives and referred to in communications at the end of the audit engagement.</p>	<p>Any risks are considered as part of the research and planning for each assignment. Risk levels are given to each recommendation in an assignment and an overall assurance level given which is also stated in terms of risk level.</p>	
<p>2120 Conclusion</p>	<p>Risk Management</p>	<p>✓GC ●PC ●DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2130 Control			
<p>The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.</p> <p>2130.A1 The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations, and information systems regarding the:</p> <ul style="list-style-type: none"> • Achievement of the organisation's strategic objectives, • Reliability and integrity of financial and operational information; • Effectiveness and efficiency of operations; • Safeguarding of assets; and • Compliance with laws, regulations, and contracts. 	<p>IA engagements consider the efficiency of controls used to mitigate risks - whether there are too many or too few controls, which evaluates the cost of control in relation to the impact and likelihood of the risk.</p> <p>IA work programmes focus on high priority risks and adequately tests controls to ensure their effectiveness – there is a recognised approach to ensure sufficient sample sizes are taken and tested.</p> <p>IA verify, where appropriate:</p> <ul style="list-style-type: none"> • The application and effectiveness of risk management procedures. • Management assurances on controls, including the results of self assessments. • KPIs are accurate, timely, relevant and reliable. • Reporting requirements are operating as planned 	<p>Evaluation and testing of controls and the recommendation of improvement is core to the audit process.</p> <p>Risks will be identified and agreed, controls tested and improvements recommended.</p> <p>If internal audit consider there to be an area of high risk which the relevant department decides to accept and not mitigate, this will be reported to senior management and Members.</p>	
<p>2130.C1 Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes.</p>	<p>Internal auditors support management upon the design of controls at appropriate points in the development of major change programmes – examples would include implementation of new computer systems, building and supply contracts.</p>	<p>There is a move toward greater emphasis on consultancy work to ensure that controls are considered at the appropriate time and not after the system has been implemented.</p>	
2130 Conclusion	Control	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2200 Engagement Planning			
Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.	Sum of <i>Standards</i> 2201-2240	The process for an engagement is clearly laid down in the Audit Charter and includes objectives, scope, timing and resources.	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>2201 Planning Considerations</p>			
<p>In planning the engagement, internal auditors must consider:</p> <ul style="list-style-type: none"> • The objectives of the activity being reviewed and the means by which the activity controls its performance; • The significant risks to the activity, its objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level; • The adequacy and effectiveness of the activity's governance, risk management, and control processes compared to a relevant framework or model; and • The opportunities for making significant improvements to the activity's governance, risk management, and control processes. <p>2201.A1 When planning an engagement for parties outside the organisation, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.</p>	<p>Procedure exists within the IA activity that requires internal auditors to research, scope and plan internal audit engagements – assurance and consultancy.</p> <p>Internal auditors document the following as part of their research and discussions with managers</p> <ul style="list-style-type: none"> • The nature of the area under review and key areas of change and development • The activities that occur and the way performance is monitored. • Strategic objectives and the way the area contributes to the organisation's strategy or purpose. • The risks involved and the organisation's chosen responses to those risks. • How managers know the responses are effective. • Assurances managers give to whom and how often. <p>The preparation for audit engagements leads to the documentation of objectives that are agreed with senior management and where appropriate clients outside the organisation. Options include:</p> <ul style="list-style-type: none"> • Assurance that management assurance is effective and, therefore, reliable. • Assurance that specific responses, including controls, are effective in managing given risks. • Consultancy to help managers improve the design or implementation of governance processes, risk processes and risk responses, including controls. 	<p>The process for an engagement is clearly laid down in the Audit Charter including objectives, risks etc.</p> <p>The report for each assignment includes the observations of the auditor, the recommendations and responses from the managers and an assurance level for the service.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>2201.C1 Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.</p>	<p>Documentation of the objectives and scope of consultancy engagements. This could include engagement letters, terms of reference and any other form of agreement that documents the responsibilities of the internal audit activity in a consultancy engagement.</p>	<p>A working programme is set up, sent to and discussed with relevant managers before an assignment is undertaken.</p>	
<p>2201 Conclusion</p>	<p>Planning Considerations</p>	<p><input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>2210 Engagement Objectives</p> <p>Objectives must be established for each engagement.</p> <p>2210.A1 Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.</p> <p>2210.A2 Internal auditors must consider the probability of significant errors, fraud, non-compliance, and other exposures when developing the engagement objectives.</p> <p>2210.A3 Adequate criteria are needed to evaluate governance, risk management and controls. Internal auditors must ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must work with management and/or the board to develop appropriate evaluation criteria.</p> <p>2210.C1 Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client.</p> <p>2210.C2 Consulting engagement objectives must be consistent with the organisation's values, strategies and objectives.</p>	<p>In establishing objectives for assurance engagements the internal auditor considers:</p> <ul style="list-style-type: none"> • The significant risks to the activity, its objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level. • The adequacy and effectiveness of the activity's risk management and control systems compared to a relevant control framework or model. • The opportunities for making significant improvements to the activity's risk management and control systems. <p>For consultancy engagements the objectives reflect the expectation of managers and relate to aspects of governance, risk management and control</p>	<p>There is a general structure for audits whereby general and specific risks are considered and the relevant controls tested. The results are considered in terms of efficiency and effectiveness and are then reported on and relevant recommendations made.</p>	
<p>2210 Conclusion</p>	<p>Engagement Objectives</p>	<p>✓GC ●PC ●DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>2220 Engagement Scope</p> <p>The established scope must be sufficient to achieve the objectives of the engagement.</p> <p>2220.A1 The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.</p> <p>2220.A2 If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities, and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.</p> <p>2220.C1 In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.</p> <p>2220.C2 During consulting engagements, internal auditors must address controls consistent with the engagement’s objectives and be alert to significant control issues.</p>	<p>The engagement scope is consistent with the audit objectives. In practice this means agreeing and documenting:</p> <ul style="list-style-type: none"> • The extent of the audit - understanding what will and won’t be looked at. • The nature of assurance to be provided or focus of the consulting work to be done, including timing and key stages. • Defining the people, systems, procedures, files and records that will form the audit engagement. • Defining the depth of the review, such as the period under review or any special conditions. <p>The scope of consultancy engagements has reference to aspects of governance, risk management and control as per the definition of IA.</p>	<p>A working programme is set up, sent to and discussed with relevant managers before an assignment is undertaken.</p> <p>There is a general structure for audits whereby general and specific risks are considered and the relevant controls tested. The results are considered in terms of efficiency and effectiveness and are then reported on and relevant recommendations made.</p>	
<p>2220 Conclusion</p>	<p>Engagement Scope</p>	<p>✓GC ●PC ●DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2230 Engagement Resource Allocation			
<p>Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.</p>	<p>Evidence of appropriate evaluation of how audit engagements are resourced based on the nature and complexity of the engagement, time constraints, and available resources. This would include the rational for using resources outside the IA activity based on the levels of competency required.</p>	<p>The number of days required to complete an audit review is based on past experience and the scope of the assignment self.</p>	
2230 Conclusion	Engagement Resource Allocation	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	
2240 Engagement Work Programme			
<p>Internal auditors must develop and document work programmes that achieve the engagement objectives.</p> <p>2240.A1 Work programme must include the procedures for identifying, analysing, evaluating, and documenting information during the engagement. The work programme must be approved prior to its implementation, and any adjustments approved promptly.</p> <p>2240.C1 Work programme for consulting engagements may vary in form and content depending upon the nature of the engagement.</p>	<p>The internal auditor has developed a programme of work outlining the resources and procedures needed to achieve the audit objectives. This might include:</p> <ul style="list-style-type: none"> • Timetables and project plans. • Preparation of audit programmes and checklists. • Interview and testing schedules. <p>For consultation work the planning and, documentation of activities is tailored according to the nature of the engagement. The one-off nature of such engagement may require detailed project plans and timetables.</p> <p>The engagement programme of work and any subsequent programme adjustments are approved by the CAE or designee.</p>	<p>There is an annual audit plan produced for the reviews to be carried out.</p> <p>Each review has a working programme written which lists the controls to be tested and the types of tests to be carried out.</p> <p>All working programmes are checked by the Internal Audit Manager before they are sent to managers.</p>	
2240 Conclusion	Engagement Work Programme	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2300 Performing the Engagement	Sum of <i>Standards</i> 2300-2340		
Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement’s objectives.	Information can be data or documents that internal auditors use, document or create to support and fulfil their audit engagements. Information is retained in some form of filing or storage system to support conclusions and opinions – hardcopy or electronic versions are acceptable.	There is a set method for storing information which is laid down in the Audit Manual. The Internal Audit Manager reviews each assignment and ensures that there is relevant information and testing to back up all recommendations made.	
2310 Identifying Information			
Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement’s objectives. Interpretation: Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable information through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organisation meet its goals.	The internal auditor plans what information they may need, where that information could be obtained from and whether that information is sufficient, reliable, relevant, and timely. The working files/papers for the audit engagement contain information that shows how activities and processes are designed and how they are meant to work. Information is obtained from information systems about the way processing operates – options include reporting tools, exception reports and CAATTs. Information also includes observations, interviews and results of audit testing.	There is a set method for carrying out reviews which is laid down in the Audit Manual. The Internal Audit Manager reviews each assignment and ensures that there is relevant information and testing to back up all recommendations made.	
2310 Conclusion	Identifying Information	✓GC ●PC ●DNC	
2320 Analysis and Evaluation			

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.</p>	<p>Audit conclusions and engagement results are based on the information that has been gathered during the audit engagement.</p> <p>There is evidence that the information has been analysed and evaluations discussed with managers.</p>	<p>There is a set method for carrying out reviews which is laid down in the Audit Manual. The Internal Audit Manager reviews each assignment and ensures that there is relevant information and testing to back up all recommendations made.</p>	
<p>2320 Conclusion</p>	<p>Analysis and Evaluation</p>	<p><input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC</p>	
<p>2330 Documenting Information</p>			
<p>Internal auditors must document relevant information to support the conclusions and engagement results.</p> <p>2330.A1 The chief audit executive must control access to engagement records. The chief audit executive must obtain the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate.</p> <p>2330.A2 The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organisation's guidelines and any pertinent regulatory or other requirements.</p> <p>2330.C1 The chief audit executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organisation's guidelines and any pertinent regulatory or other requirements.</p>	<p>Sufficient information is documented to support the conclusions and audit opinions.</p> <p>Work files/papers have controlled access according to the policy of the organisation</p> <p>A policy and procedure exists relating to information archiving and retrieval.</p> <p>There is evidence that CAE obtains appropriate approvals prior to releasing records.</p>	<p>There is a set method for carrying out reviews which is laid down in the Audit Manual. The Internal Audit Manager reviews each assignment and ensures that there is relevant information and testing to back up all recommendations made.</p> <p>Access to files is limited to the internal auditors only as all files are now held electronically on a shared drive.</p> <p>The authority has set standards for data protection and freedom of information to which the audit section adheres.</p>	
<p>2330 Conclusion</p>	<p>Documenting Information</p>	<p><input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2340 Engagement Supervision			
<p>Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.</p> <p>Interpretation:</p> <p>The extent of supervision required will depend on the proficiency and experience of internal auditors and the complexity of the engagement. The chief audit executive has overall responsibility for supervising the engagement, whether performed by or for the internal audit activity, but may designate appropriately experienced members of the internal audit activity to perform the review. Appropriate evidence of supervision is documented and retained.</p>	<p>There is an organisational and reporting structure within the internal audit activity that provides the basis for supervision.</p> <p>Job descriptions document supervisory requirements.</p> <p>Policies and procedures describe how supervision is supposed to be applied – this incorporates review of work in progress, amendment or corrective actions, follow-up and approval.</p> <p>IA files/working papers and reports illustrate how supervision works in practice.</p> <p>The results of supervision are incorporated into the QAIP and staff appraisal assessments – and where appropriate training and development plans.</p>	<p>Supervisory responsibility is included in job descriptions.</p> <p>The review of assignments by the Internal Audit Manager is laid down in the Audit Manual.</p> <p>The comments made by the Internal Audit Manager are retained in the individual audit assignment papers.</p> <p>Each assignment is reviewed against a checklist for quality assurance purposes and the results are fed back to the individual auditor.</p>	
2340 Conclusion	Engagement Supervision	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	
2400 Communicating Results	Sum of <i>Standards</i> 2410-2440		
Internal auditors must communicate results of engagements.			

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2410 Criteria for Communicating			
<p>Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans.</p>	<p>There is evidence of appropriate, timely communication with management throughout the audit engagement.</p> <p>This begins with discussions to research and scope an audit, leading to agreement upon objectives.</p> <p>Communication with managers also occurs as the audit engagement proceeds - discussing and analysing information.</p> <p>Close –out meetings that provide the basis for exchange views about conclusions, opinions and possible recommendations for improvement.</p>	<p>The process for an engagement is clearly laid down in the Audit Charter and includes objectives, scope, timing and resources.</p> <p>Each review has a working programme written which lists the controls to be tested and the types of tests to be carried out.</p> <p>A working programme is set up, sent to and discussed with relevant managers before an assignment is undertaken.</p> <p>Managers comments on the report may be obtained by email if the report is short and the recommendations few or a closure meeting can be held to discuss more complicated reports.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>2410.A1 Final communication of engagement results must, where appropriate, contain internal auditors' opinion and/or conclusions. When issued, an opinion or conclusion must take account of the expectations of senior management, the board and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.</p> <p>Interpretation:</p> <p>Opinions at the engagement level may be ratings, conclusions or other descriptions of the results. Such an engagement may be in relation to controls around a specific process, risk or business unit. The formulation of such opinions requires consideration of the engagement results and their significance.</p> <p>2410.A2 Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.</p> <p>2410.A3 When releasing engagement results to parties outside the organisation, the communication must include limitations on distribution and use of the results.</p> <p>2410.C1 Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.</p>	<p>An overall opinion or conclusion is included within audit communications in line with the stakeholder expectations and the original objectives of the audit engagement.</p> <p>Opinions are given according to the level, scope and detail agreed with senior management and the audit committee.</p> <p>Opinions at the engagement level may be ratings, conclusions or other descriptions of the results.</p> <p>Satisfactory performance is acknowledged in engagement communications.</p> <p>Communications outside the organisation are limited in distribution and use of results.</p> <p>There is evidence of progress and results on consulting engagements that is reasonable to the engagement.</p>	<p>There are set levels of assurance which can be given and these are included in the final report in the executive summary.</p> <p>Reports are shared with external auditors only outside of the authority. Any other requests for reports would be considered in terms of Data Protection and Freedom of Information.</p>	
<p>2410 Conclusion</p>	<p>Criteria for Communicating</p>	<p><input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2420 Quality of Communications			
<p>Communications must be accurate, objective, clear, concise, constructive, complete, and timely.</p> <p>Interpretation:</p> <p>Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial, and unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances. Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness. Constructive communications are helpful to the engagement client and the organisation and lead to improvements where needed. Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.</p>	<p>There is a record of the timeline for the communication of results that spans the completion of the audit engagement through to communication with the board.</p> <p>There is a procedure that ensures discussions with managers between the close of the audit engagement and the delivery of communications are performed promptly.</p> <p>There is evidence to show IA communications are delivered in a timely manner and within the timeframe and level of resource set at the start of the audit engagement.</p> <p>Communications cover the full scope of the audit engagement.</p> <p>The form and style of communications has been discussed and agreed with senior management and the board including the method of communications, format, and any grading of opinions and recommendations.</p> <p>There is evidence of review and approval of communications prior to their release to ensure accuracy and objectivity.</p> <p>Communications are clear and concise.</p>	<p>The stages of each assignment are recorded on a spreadsheet and this includes the dates of draft and final reports and the dates responses are received.</p> <p>It is expected that draft and final reports are issued within 10 days of work being completed and responses being received. However, if the delay is caused by an officer outside of the internal audit section this can be very hard to enforce.</p> <p>Assignments are reviewed by the Internal Audit Manger so communications will be covered in this review. Also, the results of satisfaction surveys would identify any issues with communications.</p>	
2420 Conclusion	Quality of Communications	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	
2421 Errors and Omissions			
<p>If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.</p>	<p>Where appropriate, there is communication of corrected information to all parties.</p>	<p>On receipt of comments from managers to draft reports any amendments will be passed back to the manager for checking before the report is issued in final.</p>	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2421 Conclusion	Errors and Omissions	✓GC ●PC ●DNC	
2430 Use of ‘Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing’.			
Internal auditors may report that their engagements are conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, only if the results of the quality assurance and improvement program support the statement.	Internal and external assessments support any statements that are made inside and outside the organisation. Senior management and the board are aware of and agree such statements.	Currently there is no statement concerning conformance with these standards since they do not come into force until April 2013	The report to the Audit and Governance Committee for 2013-14 will include wording concerning conformance with these standards.
2430 Conclusion	Use of ‘Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing’.	●GC ●PC ●DNC	
2431 Engagement Disclosure of Non-conformance			
When non-conformance with the Definition of Internal Auditing, the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the: <ul style="list-style-type: none"> • Principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved; • Reason(s) for non-conformance; and • Impact of non-conformance on the engagement and the communicated engagement results. 	Where appropriate, communication of results discloses non-conformance with the IPPF. The nature of the non-conformance is discussed and reviewed with senior management and the board with a record of any agreed action.	Currently there is no statement concerning conformance with these standards since they do not come into force until April 2013	The report to the Audit and Governance Committee for 2013-14 will include wording concerning conformance with these standards.
2431 Conclusion	Engagement Disclosure of Non-conformance	●GC ●PC ●DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>2440 Disseminating Results</p> <p>The chief audit executive must communicate results to the appropriate parties.</p> <p>Interpretation:</p> <p>The chief audit executive is responsible for approving the final engagement communication before issuance and for deciding to whom and how it will be disseminated. When the chief audit executive delegates these duties, he or she retains overall responsibility.</p> <p>2440.A1 The chief audit executive is responsible for communicating the final results to parties who can ensure that the results are given due consideration.</p> <p>2440.A2 If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organisation the chief audit executive must:</p> <ul style="list-style-type: none"> • Assess the potential risk to the organisation; • Consult with senior management and/or legal counsel as appropriate; and • Control dissemination by restricting the use of the results. 	<p>All audit communications are reviewed and approved by the CAE.</p> <p>Audit communications are provided to an appropriate level of senior management and distributed according to the agreed protocol of the organisation.</p> <p>When an overall opinion is issued (perhaps in support of a statement on internal control), it covers an appropriate time period and addresses the expectations as agreed with the board, senior management and other stakeholders.</p> <p>The opinion is supported by sufficient, reliable, relevant and accurate information.</p> <p>If applicable, the CAE is properly consulted and has considered the risks of disclosure outside the organisation.</p> <p>Consulting engagement reports are distributed appropriately, as established at the start of the audit engagement.</p>	<p>Each individual auditor is responsible for the whole process of the audit they are carrying out, including communication. However, The Internal Audit Manager does ensure that appropriate communications of draft and final reports have been sent out as part of the evaluation of each assignment.</p> <p>Final reports are sent to the external auditors, Section 151 officer, the Chair of the Audit and Governance Committee and the Portfolio Holder for Finance as well as the Head of Service and the Manager of the area that was audited.</p> <p>The opinion and the information to back it up was dealt with earlier in this document.</p>	
<p>2440.C1 The chief audit executive is responsible for communicating the final results of consulting engagements to clients.</p> <p>2440.C2 During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the organisation, they must be communicated to senior management and the board.</p>			



International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2440 Conclusion	Disseminating Results	✓GC ●PC ●DNC	
2450 Overall Opinions			
<p>When an overall opinion is issued, it must take into account the expectations of senior management, the board and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.</p> <p>Interpretation:</p> <p>The communication will identify:</p> <ul style="list-style-type: none"> • The scope including the time period to which the opinion pertains. • Scope limitations. • Consideration of all related projects including the reliance on other assurance providers. • The risk or control framework or other criteria used as a basis for the overall opinion. • The overall opinion, judgment or conclusion reached. <p>The reasons for an unfavourable overall opinion must be stated</p>	<p>The annual opinion is delivered on time and in accordance with the expectations of senior management and the audit committee.</p> <p>The work completed in the annual internal audit plan is consistent with the opinion requirements.</p> <p>The opinion where appropriate takes into account the reliability of other assurance providers.</p> <p>There is a methodology and process in place to evaluate the cumulative results of audit assignments and audit findings to express such an opinion.</p>	<p>An annual report is presented to the Corporate Management Team and the Audit and Governance Committee at their June meeting. In this the audit opinion for the year based on all the work carried out is clearly stated. Any issues concerning governance are clearly stated and included in the Annual Governance Statement.</p>	
2450 Conclusion	Overall Opinions	✓GC ●PC ●DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
2500 Monitoring Progress			
<p>The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.</p> <p>2500.A1 The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.</p> <p>2500.C1 The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.</p>	<p>The CAE has established a follow-up process to monitor and ensure that management actions have been effectively implemented or risk accepted.</p> <p>Records of follow-up meeting and discussions.</p> <p>There is a process that require internal audit to confirm the implementation of actions by management in relation to high priority, high importance areas.</p>	<p>The process of follow ups is laid down in the Audit Manual and progress is reported to the Audit and Governance Committee.</p>	
2500 Conclusion	Monitoring Progress	<input checked="" type="radio"/> GC <input type="radio"/> PC <input type="radio"/> DNC	

International standard	Key conformance criteria	Blank for internal auditor to note down evidence to support assessment	Blank for internal auditor to record actions for further improvement
<p>2600 Communicating the Acceptance of Risks</p> <p>When the chief audit executive concludes that senior management has accepted a level of residual risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive concludes that the matter has not been resolved, the chief audit executive must communicate the matter to the board for resolution.</p> <p>Interpretation:</p> <p><i>The identification of risk accepted by management may be observed through an assurance or consulting engagement, monitoring progress on actions taken by management as a result of prior engagements, or other means. It is not the responsibility of the chief audit executive to resolve the risk.</i></p>	<p>Decisions regarding residual risk that are not resolved are reported by the CAE to the board for resolution.</p> <p>The subsequent resolution/disposition of such residual risk issues is appropriately documented.</p>	<p>Assurance levels are reported to the Audit and Governance Committee quarterly along with the results of follow ups.</p> <p>Any outstanding high risk recommendations are reported on a separate appendix and the committee can request relevant managers to address the committee.</p>	
<p>2600 Conclusion</p>	<p>Resolution of Senior Management s Acceptance of Risks</p>	<p><input checked="" type="radio"/>GC <input type="radio"/>PC <input type="radio"/>DNC</p>	

QAIP Feedback

It is important to us to maintain an up-to-date QAIP procedure and evaluation.

You can support the maintenance process by recommending changes and amendments to the Key Conformance Criteria. Please highlight below reference to the relevant International Standard along with your recommendations.

Reference	Standard	Recommendations to update the 'Key Conformance Criteria'

If you wish to discuss any aspects of the QAIP procedure and evaluation please contact our Technical team using our general email address technical@iia.org.uk or contact our Technical Manager directly at Chris.Baker@iia.org.uk. Our Technical manager's direct telephone numbers are 020 789919111 and 07966 494462