

## **Sevenoaks District Council**

# Internal Audit Standards Self - Assessment Compliance Checklist

**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.

**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.

**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.

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|                  |  | Generally<br>Conforms | Partially<br>Conforms | Does Not<br>Conform |
|------------------|--|-----------------------|-----------------------|---------------------|
|                  | <b>Definition of Internal Auditing</b>                       |                       |                       |                     |
| <b>Reference</b> | <b>Code of Ethics</b>  |                       |                       |                     |
| 1                | Integrity  | √                     |                       |                     |
| 2                | Objectivity  |                       | √                     |                     |
| 3                | Confidentiality  | √                     |                       |                     |
| 4                | Competence   | √                     |                       |                     |
| <b>Reference</b> | <b>Attribute Standards</b>                                   |                       |                       |                     |
| 1000             | Purpose, Authority and Responsibility                        | √                     |                       |                     |
| 1010             | Recognising Mandatory Guidance in the Internal Audit Charter | √                     |                       |                     |
| 1100             | Independence and Objectivity                                 | √                     |                       |                     |
| 1110             | Organisational Independence                                  | √                     |                       |                     |
| 1111             | Direct Interaction with the Board                            | √                     |                       |                     |
| 1112             | Chief Audit Executive Roles Beyond Internal Auditing         | √                     |                       |                     |
| 1120             | Individual Objectivity                                       | √                     |                       |                     |

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|------------------|---|-----------------------|-----------------------|---------------------|
| 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   | √                     |                       |                     |
| <b>Reference</b> | <b>Performance Standards</b>  |                       |                       |                     |
| 2000             | Managing the Internal Audit Activity (Sum total of <i>Standards</i> 2010 – 2060)                    | √                     |                       |                     |

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|------|--|-----------------------|-----------------------|---------------------|
| 2010 | Planning   | √                     |                       |                     |
| 2020 | Communication and Approval   | √                     |                       |                     |
| 2030 | Resource Management  | √                     |                       |                     |
| 2040 | Policies and Procedures  |                       | √                     |                     |
| 2050 | Coordination and Reliance  | √                     |                       |                     |
| 2060 | Reporting to Senior Management and the Board                                   | √                     |                       |                     |
| 2070 | External Service Provider and Organisational Responsibility for Internal Audit | N/A                   |                       |                     |
| 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  | √                     |                       |                     |

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|------|---|-----------------------|-----------------------|---------------------|
| 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  | √                     |                       |                     |
| 2431 | Engagement Disclosure of Non-conformance                          | √                     |                       |                     |
| 2440 | Disseminating Results   | √                     |                       |                     |

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|----------------|---|-----------------------|-----------------------|---------------------|
| 2450           | Overall Opinions                                      | √                     |                       |                     |
| 2500           | Monitoring Progress                                   | √                     |                       |                     |
| 2600           | Resolution of Senior Management's Acceptance of Risks | √                     |                       |                     |
| <b>TOTALS</b>  |   | <b>49</b>             |                       | <b>6</b>            |
| 2016/17 Totals |   | 45                    |                       | 10                  |

**Our Audit Service Generally Conforms to 89% of the Standard (82% in 2016/17). Audit Management are aware of the areas for improvement in the 'Partially Conforms' section and are working towards correcting these deficiencies. There are no items that fall into the Does Not Conform Category.**

| Reference | Standard   | Comment  | Improvement Action   |
|-----------|--|--|--|
| 2         | Objectivity  | Currently no safeguards in place within the charter where auditor objectivity comes in to question.  | To update the Charter to build in safeguards where auditor objectivity comes in to question. |
| 1210      | Proficiency  | New job descriptions have been completed for the Audit Manager and Principal Auditor posts but the others have not been reviewed for several years   | To review and update the remaining job descriptions as appropriate                           |
| 1220      | Due Professional Care  | Internal Audit Manual needs to be updated to reflect current working practices following the introduction of the Teammate IT system. However, the team do have access to Teammate manuals and an advice line if they need assistance with any aspects of the system. | To review and update IA manual to reflect current working practises.                         |
| 1300      | Quality Assurance and Improvement Programme                  | An External Quality Review was conducted in 2014 by PWC. An action plan has come out of this and a follow-up review was completed by PWC in February 2018.   | An update is being presented to the Audit Committee on 19 July 2017.                         |
| 1320      | Reporting on the Quality Assurance and Improvement Programme | As above in 1300   | As above in 1300   |

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|      |                         |   |   |
|------|-------------------------|---|---|
| 2040 | Policies and Procedures | Procedures are in place however they have not been updated to reflect the TeamMate. | Update procedure to include new working practises following the implementation of the TeamMate electronic audit software. |
|------|-------------------------|---|---|