

## APPENDIX A - CHECKLIST - COMPLIANCE WITH THE PSIAS

Please tick to indicate **Y = YES, P = PARTIAL, N = NO**.

Where 'partial' or 'no', you should give reasons for any non-compliance, and any compensating measures in place or actions in progress to address this.

**Note: The references made to the Chief Audit Executive (CAE) within the Standards, refers to the Audit, Risk and Anti-Fraud Manager (ARAFM) at SDC**

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
3	Definition of Internal Auditing				
	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	Y			Internal Audit Charter and Strategy have been revised and agreed by the Audit Committee
4	Code of Ethics				
	<p><b>Public sector requirement: Internal auditors in UK public sector organisations must conform to the Code of Ethics. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.</b></p> <p>The purpose of The Institute's Code of Ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance regarding risk management, control and governance.</p> <p>The Institute's Code of Ethics extends beyond the definition of internal auditing to include two essential components:</p> <ol style="list-style-type: none"> <li>1. Principles that are relevant to the profession and practice of internal auditing; and</li> <li>2. Rules of Conduct that describe behaviour norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to</li> </ol>	Y			<p>Internal Audit Charter, Quality Manual and Protocol</p> <p>All staff are required to comply with the PSAIS code of ethics as part of their appraisal objectives. Staff understand their responsibilities in ensuring that the function maintains its independence and ethical behaviour.</p> <p>In addition, all internal Audit staff have confirmed that they have read the Code of Ethics and have regard to the Committee on Standards of Public Life's 'Seven Principles of Public Life'</p> <p>All internal audit staff complete an annual interest</p>

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>guide the ethical conduct of internal auditors.</p> <p>The Code of Ethics provides guidance to internal auditors serving others. 'Internal auditors' refers to Institute members and those who provide internal auditing services within the definition of internal auditing.</p> <p>Public sector interpretation: The 'Institute' here refers to the IIA. Disciplinary procedures of other professional bodies and employing organisations may apply to breaches of this Code of Ethics.</p> <ol style="list-style-type: none"> <li>1 Integrity</li> <li>2 Objectivity</li> <li>3 Confidentiality</li> <li>4 Competency</li> </ol> <p><b>Public sector requirement:</b> <b>Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life, information on which can be found at <a href="http://www.public-standards.gov.uk">www.public-standards.gov.uk</a></b></p>				<p>declaration form.</p> <p>Internal Audit Charter para. 3.</p>
<b>5</b>	<b>Standards</b>				
	<b>Attribute Standards</b>				
<b>1000</b>	<b>Purpose, Authority and Responsibility</b>				
	<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>	Y			<p>The terms of reference for the internal audit service will be confirmed within the revised Audit Charter</p> <p>This will form part of the standard reporting process.</p>
	<p>Interpretation: The Internal Audit Charter is a formal document</p>	Y			.

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>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><b>Public sector requirement:</b>  <b>The internal audit charter must also:</b></p> <ul style="list-style-type: none"> <li>• <b>Define the terms 'board' and 'senior management' for the purposes of internal audit activity;</b></li> <li>• <b>Cover the arrangements for appropriate resourcing;</b></li> <li>• <b>Define the role of internal audit in any fraud-related work; and</b></li> <li>• <b>Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.</b></li> </ul>				
	<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>				Included in the Internal Audit Charter (para 1 and 2).
	<p>1000.C1  The nature of consulting services must be defined in the internal audit charter.</p>				Included in the Internal Audit Charter (para 2).
1010	<p>Recognition of the Definition of Internal Auditing, the Code of Ethics and the Standards in the Internal Audit Charter</p>				
	<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. The chief audit executive should discuss the</p>	Y			Internal Audit Charter (para 1 and 2).

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	Definition of Internal Auditing, the Code of Ethics and the Standards with senior management and the board.				
<b>1100</b>	<b>Independence and Objectivity</b>				
	The internal audit activity must be independent and internal auditors must be objective in performing their work.	Y			See paragraph 6 of the Internal Audit Charter.  And as stated above audit staff also complete an annual declaration of interest form.
	<p>Interpretation: 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>				Internal Audit Charter (para 6).
<b>1110</b>	<b>Organisational Independence</b>				
	The chief audit executive must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The chief audit executive must confirm to the board, at least	Y			The ARAFMs reports to the CFO at SDC. The Audit, Risk and Anti-Fraud Manager reports

**PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector**

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	annually, the organisational independence of the internal audit activity.				formally to the Audit Committee at SDC. The Audit Manager's Annual Internal Audit Report which goes to the Audit Committee addresses the issue of independence.

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
A	<p>Interpretation: 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"> <li>• Approving the internal audit charter;</li> <li>• Approving the risk based internal audit plan;</li> <li>• Approving the internal audit budget and resource plan;</li> <li>• Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters;</li> <li>• Approving decisions regarding the appointment and removal of the chief audit executive;</li> <li>• Approving the remuneration of the chief audit executive; and</li> <li>• Making appropriate enquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.</li> </ul> <p><b>Public sector requirement: The chief audit executive must report functionally to the board. The chief audit executive must also establish effective communication with, and have free and unfettered access to, the chief executive (or equivalent) and the chair of the audit committee.</b></p> <p>Public sector interpretation: Governance requirements in the UK public sector would not generally involve the board approving the CAE's remuneration specifically. The underlying principle is that the independence of the CAE is safeguarded by ensuring that his or her remuneration or performance assessment is not inappropriately influenced by those subject to audit. In the UK public sector this can be achieved by ensuring that the chief executive (or equivalent) undertakes, countersigns, contributes feedback to or reviews the performance appraisal of the CAE and that feedback is also obtained from the chair of the Audit Committee/Board.</p>				<p>Included under the 'Reporting' and 'Independence' sections of the Internal Audit Charter template (Para 4, 5 and 6).</p> <p>See comments below.</p> <p>Included under the 'Reporting' and 'Independence' sections of the Internal Audit Charter.</p>

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	1110.A1 The internal audit activity must be free from interference in determining the scope of internal auditing, performing work and communicating results.				Included in the Internal Audit Charter. Internal Audit Quality Manual (pages 16 and 17).
1111	Direct Interaction with the Board				
	The chief audit executive must communicate and interact directly with the board.	Y			The ARAFMs communicate directly with the chairs of the relevant committee and attend meetings
1120	Individual Objectivity				
	Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.	Y			See Internal Audit Charter Paragraph 6 and the Quality Manual pages 16 to 17 (page 4) 2.  For all internal audit staff, personal independence responsibilities are essential. Ethical compliance is part of staff appraisal objectives. <ul style="list-style-type: none"> <li>Also, all staff are required to complete an annual declaration of interest return.</li> </ul>
	Interpretation: 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.				

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
1130	Impairment to Independence or Objectivity				
	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.	Y			See above. All staff receive regular 1:1 with their line manager and internal audit work is quality assessed for conformance with the PSIAS.
	<p>Interpretation: 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>				
	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.				Included under the 'Independence' section of the Internal Audit Charter template - see paragraph 6 and Part 4 of quality manual
	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.				Risk management lead co-ordination is undertaken by the ARAFMs, but is overseen by the officer's risk group at SDC.
	1130.C1 Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.				N/A

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<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><b>Public sector requirement: Approval must be sought from the board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement.</b></p>				<p>Proposals regarding protocol for consulting to be agreed with management, and will be included in the revised Audit Charter.</p> <p>Included under the 'Independence' section of the Internal Audit Charter template.</p>
1200	<b>Proficiency and Due Professional Care</b>				
	Engagements must be performed with proficiency and due professional care.		P		<p>There is an effective framework in place to facilitate this, but in practice limitations are imposed by individual auditor qualification, knowledge, experience and capabilities. Also, new staff within local government or internal audit need training and development to facilitate their effectiveness. A successful development day was held in December 2015. Relevant action plan is being progressed to facilitate necessary improvements.</p>
1210	<b>Proficiency</b>				
	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>See above. Also, the team is now at full establishment. Hence better placed to develop a wider range of expertise. But this will need time to embed before it becomes fully effective.</p>

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>Interpretation:  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><b>Public sector requirement:  The chief audit executive must hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.</b></p>		P		<p>Some key staff lack adequate professional qualifications, but appropriate training has been identified to address this and relevant training plans are being implemented. Where appropriate, professional qualification training is also being offered.</p> <p>ARAFM is a graduate and CMIIA qualified, with over 20 year's relevant experience.</p>
	<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		<p>Where necessary this is addressed by use of agency staff, but is subjected to budget constraints.</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		<p>The risk of fraud is a key consideration as part of the audit process. However the effectiveness of how this is dealt with during an engagement is limited by the individual auditor's capabilities. Appropriate training is planned for all auditors.</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</p>		P		<p>Where appropriate temporary technical support is obtained from recruitment agencies. Also the ARAFM runs periodic technical</p>

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.				meetings, as part of the on-going development and quality improvements programme for auditors.
	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.				Consulting engagements will not be accepted without an assessment of relevant competencies and approval by the Audit Committee/ Board (see Audit Charter). Protocol for consulting to be agreed with senior management.
1220	Due Professional Care				
	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		Due professional care and skill is subject to individual auditor capability. As already cited above, there is room for improvement.
	1220.A1 Internal auditors must exercise due professional care by considering the: <ul style="list-style-type: none"> <li>• Extent of work needed to achieve the engagement's objectives;</li> <li>• Relative complexity, materiality or significance of matters to which assurance procedures are applied;</li> <li>• Adequacy and effectiveness of governance, risk management and control processes;</li> <li>• Probability of significant errors, fraud, or non-compliance; and</li> <li>• Cost of assurance in relation to potential benefits.</li> </ul>		P		This is an area for further development, as cited above

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	1220.A2 In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.		P		Use is made of existing technology and techniques. Additionally we have now obtained Teammate and are in the process of developing functionality and migration. We are also looking to activate the use of IDEA to facilitate more effective interrogation and analysis, both of which will contribute towards more efficiency and improve quality of the audit product.
	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.	Y			The audit process makes provision for this, but again is limited by individual auditor capabilities.
	1220.C1 Internal auditors must exercise due professional care during a consulting engagement by considering the: <ul style="list-style-type: none"> <li>Needs and expectations of clients, including the nature, timing and communication of engagement results;</li> <li>Relative complexity and extent of work needed to achieve the engagement's objectives; and</li> <li>Cost of the consulting engagement in relation to potential benefits.</li> </ul>	Y			This is part of the standard audit process.
1230	Continuing Professional Development				
	Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development.	Y			Auditors attend the Kent Audit Group (KAG) conference which covers current key audit issues, and also relevant training is identified during appraisal and a training and

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
					development plan agreed with staff.
<b>1300</b>	<b>Quality Assurance and Improvement Programme</b>				
	The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.	Y			There is an annual internal quality review process and a recent external review was undertaken. Relevant action plans have substantially been delivered. There is also a process in place for continuing improvements.
	<p>Interpretation:</p> <p>A quality assurance and improvement programme 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 programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.</p>				This is set out in the Internal Audit Charter.
<b>1310</b>	<b>Requirements of the Quality Assurance and Improvement Programme</b>				
	The quality assurance and improvement programme must include both internal and external assessments.	Y			As already stated above
<b>1311</b>	<b>Internal Assessments</b>				
	<p>Internal assessments must include:</p> <ul style="list-style-type: none"> <li>On-going monitoring of the performance of the internal audit activity; and</li> <li>Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.</li> </ul>	Y			The self-assessment process is detailed and comprehensive. The results are considered by suitably qualified and experienced senior management
	Interpretation:				

PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>On-going monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity. On-going 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>				
1312	External Assessments				
	<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"> <li>• The form of external assessments;</li> <li>• The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest; and</li> <li>• The need for more frequent external assessments.</li> </ul>		P		EQA was recently completed by a qualified and experienced assessor (PWC). Relevant proposals and action plan have been agreed by senior management and is substantially implemented with satisfactory progress being made
	<p>Interpretation: External assessments can be in the form of a full external assessment, or a self-assessment with independent validation. 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</p>				

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>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 an 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><b>Public sector requirement:</b>  <b>The chief audit executive must agree the scope of external assessments with an appropriate sponsor (e.g. the Accounting/Accountable Officer or chair of the audit committee) as well as with the external assessor or assessment team.</b></p>	Y			Process was carried out by an independent assessor.
1320	Reporting on the Quality Assurance and Improvement Programme				
	The chief audit executive must communicate the results of the quality assurance and improvement programme to senior management and the board.	Y			As already stated above
	<p>Interpretation:  The form, content and frequency of communicating the results of the quality assurance and improvement programme 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</p>				Included under the 'Reporting' section of the Internal Audit Charter. Also included in the annual report. (Also see section 10 of Quality Manual).

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>completion of such assessments and the results of on-going 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><b>Public sector requirement: Progress against any improvement plans, agreed following external assessment, must be reported in the annual report.</b></p>				This will form part of the standard reporting process.
1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing				
	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 programme support this statement.	Y			On the assumption that there is no evidence to the contrary.
	<p>Interpretation: The internal audit activity conforms with the International Standards when it achieves the outcomes described in the Definition of Internal Auditing, Code of Ethics and International Standards.</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>				
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.	Y			The ARAFMs will advise senior management of the issues which are required to be raised with the Audit Committee, both separately and as part of the AGS process.

PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p><b>Public sector requirement: Instances of non-conformance must be reported to the board. More significant deviations must be considered for inclusion in the governance statement.</b></p>				<p>See above.</p>

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<b>Performance Standards</b>				
<b>2000</b>	<b>Managing the Internal Audit Activity</b>				
	The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation.	Y			This is part of the audit process. All internal audit briefs are agreed with senior management. Value for money considerations is also part of the standard audit brief
	<p>Interpretation: The internal audit activity is effectively managed when:</p> <ul style="list-style-type: none"> <li>• The results of the internal audit activity's work achieve the purpose and responsibility included in the internal audit charter;</li> <li>• The internal audit activity conforms with the Definition of Internal Auditing and the Standards; and</li> <li>• The individuals who are part of the internal audit activity demonstrate conformance with the Code of Ethics and the Standards.</li> </ul> <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>				See above
<b>2010</b>	<b>Planning</b>				
	The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.		P		The planning process for 2016/17 used existing information to adopt a risk based approach. However, not all relevant information was readily available to support the process. Hence available information was used to best effect, giving regard to relevant guidance and appropriate

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
					<p>professional standards, as necessary. To this effect, an annual plan was prepared, pending a detailed internal audit review into the Audit Universe, which will inform more comprehensive, strategic, tactical and operational planning, in time for the next planning phase in 2017.</p>
	<p><b>Interpretation:</b> 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><b>Public sector requirement:</b> The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.</p>				<p>See above and also the Internal Audit Plan.</p>
	<p>2010.A1 The internal audit activity's 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>The Audit Plan gives consideration to the Council's strategic risk assessment process. However, also see 2010 above.</p>

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	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.				This process is facilitated by engagement with senior management
	2010.C1 The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.				This is part of standard audit process.
2020	Communication and Approval				
	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.	Y			This is part of the standard process. Where appropriate additional resources have been obtained through commissioning of agency staff
2030	Resource Management				
	The chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.	Y			The team is now at full establishment. However, two new staff are not from a local authority background and one is new to internal audit; and also going through qualification training. Hence training and development is necessary to bring both staff up to the required standard to make them fully effective in their roles. Appropriate training has also been identified to improve the effectiveness of the rest of the team
	Interpretation: Appropriate refers to the mix of knowledge, skills	Y			The team is now at full establishment. Regarding

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>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><b>Public sector requirement:</b> The risk-based plan must explain how internal audit's resource requirements have been assessed.</p> <p><b>Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.</b></p>				<p>qualifications, the ratio is 50% relevant qualifications, with an additional member of staff actively pursuing qualification training. Opportunities for non-qualified staff to obtain qualification are available and staff are actively encouraged to pursue professional qualifications</p>
2040	Policies and Procedures				
	The chief audit executive must establish policies and procedures to guide the internal audit activity.	Y			The Audit, Risk and Anti-Fraud Manager has established policies and procedures to guide and facilitate the Internal Audit Activity. These are under review to facilitate service improvements and reflect stake holder requirements and expectations, as well as developments in professional guidance.
	<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>				
2050	Coordination				
	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	Y			The ARAFMs meet and liaise regularly with the external auditors. (section 11.5 Audit Charter)

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	duplication of efforts.				
	<b>Public sector requirement:</b> The chief audit executive must include in the risk-based plan the approach to using other sources of assurance and any work required to place reliance upon those other sources.				Part of standard assurance process
2060	Reporting to Senior Management and the Board				
	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.	Y			Part of standard audit process (See Audit Charter para 9 and Quality manual (Para 10.3 to 10.5).
	Interpretation: 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.				
2070	External Service Provider and Organisational Responsibility for Internal Audit				
	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.				
	Interpretation: This responsibility is demonstrated through the quality assurance and improvement programme which assesses conformance with the Definition of Internal Auditing, the Code of Ethics and the International Standards.				
2100	Nature of Work				

PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.	Y			Part of standard audit process.
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"> <li>Promoting appropriate ethics and values within the organisation;</li> <li>Ensuring effective organisational performance management and accountability;</li> <li>Communicating risk and control information to appropriate areas of the organisation; and</li> <li>Coordinating the activities of and communicating information among the board, external and internal auditors and management.</li> </ul>	Y			Part of Audit process as set out in the Audit Charter and the Quality Manual.
	2110.A1 The internal audit activity must evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities.				
	2110.A2 The internal audit activity must assess whether the information technology governance of the organisation supports the organisation's strategies and objectives.				
2120	Risk Management				
	The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.	Y			See above.
	Interpretation: Determining whether risk management processes are effective is a judgment resulting from the internal auditor's assessment that: <ul style="list-style-type: none"> <li>Organisational objectives support and align</li> </ul>				All internal audit briefs have risk management control as a standard control object  The risk management

PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>with the organisation’s mission;</p> <ul style="list-style-type: none"> <li>• Significant risks are identified and assessed;</li> <li>• Appropriate risk responses are selected that align risks with the organisation’s risk appetite; and</li> <li>• Relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities.</li> </ul> <p>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 on-going management activities, separate evaluations, or both.</p>				<p>process is reviewed regularly</p> <p>Internal audit co-ordinates risk assessments and risk actions co-ordination and reports to the Audit Committee on progress of risk management.</p> <p>Internal audit is careful not to become too close to risk ownership of operational areas, as this is a management function.</p> <p>Internal audit can offer advice and guidance on control and control requirements.</p>
	<p>2120.A1</p> <p>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"> <li>• Achievement of the organisation’s strategic objectives;</li> <li>• Reliability and integrity of financial and operational information;</li> <li>• Effectiveness and efficiency of operations and programmes;</li> <li>• Safeguarding of assets; and</li> <li>• Compliance with laws, regulations, policies, procedures and contracts.</li> </ul>				<p>See above.</p>
	<p>2120.A2</p> <p>The internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.</p>				<p>Part of standard audit process.</p>
	<p>2120.C1</p> <p>During consulting engagements, internal auditors must address risk consistent with the engagement’s objectives and be alert to the</p>				

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	existence of other significant risks.				
	2120.C2 Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes.				
	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.				
2130	Control				
	The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.	Y			This is part of the audit process and included in the scope of audit briefs.
	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: <ul style="list-style-type: none"> <li>• Achievement of the organisation's strategic objectives;</li> <li>• Reliability and integrity of financial and operational information;</li> <li>• Effectiveness and efficiency of operations and programmes;</li> <li>• Safeguarding of assets; and</li> <li>• Compliance with laws, regulations, policies, procedures and contracts.</li> </ul>				See above and internal audit files.
	2130.C1 Internal auditors must incorporate knowledge of controls gained from consulting engagements into the evaluation of the organisation's control processes.				Joined up approach is evidenced through technical and quality meetings.
2200	Engagement Planning				

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations.	Y			Part of standard audit process. See section 9 Quality Manual. Also evidenced within audit files.
2201	Planning Considerations				
	<p>In planning the engagement, internal auditors must consider:</p> <ul style="list-style-type: none"> <li>• The objectives of the activity being reviewed and the means by which the activity controls its performance;</li> <li>• 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;</li> <li>• The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model; and</li> <li>• The opportunities for making significant improvements to the activity's governance, risk management and control processes.</li> </ul>	Y			See above.
	<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>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>				
2210	Engagement Objectives				
	Objectives must be established for each engagement.	Y			See above.

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	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.				Internal Audit Planning and Audit Brief
	2210.A2 Internal auditors must consider the probability of significant errors, fraud, non-compliance and other exposures when developing the engagement objectives.				Internal Audit Brief and engagement planning meetings
	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.  Public sector interpretation: In the public sector, criteria are likely to include value for money.				Internal Audit Brief and engagement planning meetings
	2210.C1 Consulting engagement objectives must address governance, risk management and control processes to the extent agreed upon with the client.				
	2210.C2 Consulting engagement objectives must be consistent with the organisation's values, strategies and objectives.				This part of the audit process. Also consulting activities will be designed to met the bespoke requirements of the sponsor
2220	Engagement Scope				
	The established scope must be sufficient to satisfy the objectives of the engagement.	Y			Part of standard audit process. See section 9 Quality Manual. Also

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
					evidenced within audit files.
	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.				
	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.				
	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.				
	2220.C2 During consulting engagements, internal auditors must address controls consistent with the engagement's objectives and be alert to significant control issues.				
2230	Engagement Resource Allocation				
	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.	Y			Part of standard audit process. See section 9 Quality Manual. Also evidenced within audit files.
2240	Engagement Work Programme				
	Internal auditors must develop and document work	Y			Part of standard audit

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	programmes that achieve the engagement objectives.				process. See section 9 Quality Manual. Also evidenced within audit files
	2240.A1 Work programmes 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.				
	2240.C1 Work programmes for consulting engagements may vary in form and content depending upon the nature of the engagement.				
<b>2300</b>	<b>Performing the Engagement</b>				
	Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.	Y			Part of standard audit process. See section 9 Quality Manual. Also evidenced within audit files
<b>2310</b>	<b>Identifying Information</b>				
	Internal auditors must identify sufficient, reliable, relevant and useful information to achieve the engagement's objectives.	Y			Part of standard audit process. See section 9 Quality Manual. Also evidenced within audit files.
	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.				
<b>2320</b>	<b>Analysis and Evaluation</b>				

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.	Y			Part of standard audit process. See section 9 Quality Manual. Also evidenced within audit files
2330	Documenting Information				
	Internal auditors must document relevant information to support the conclusions and engagement results.	Y			Part of standard audit process. See section 9 Quality Manual. Also evidenced within audit files
	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.				The ARAFM does not release these records without authority except to the External Auditors
	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.				
	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.				Will be fully achieved in the revised Quality Manual.
2340	Engagement Supervision				
	Engagements must be properly supervised to ensure objectives are achieved, quality is assured and staff are developed.	Y			With the Principal Auditor now in place, there is capacity to facilitate proper supervision
	Interpretation: The extent of supervision required will depend on				

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	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.				
<b>2400</b>	<b>Communicating Results</b>				
	Internal auditors must communicate the results of engagements.	Y			Part of standard audit process see section 10 Quality Manual.
<b>2410</b>	<b>Criteria for Communicating</b>				
	Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations and action plans.	Y			Part of standard audit process (see Quality Manual).
	<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: 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>				

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	2410.A3 When releasing engagement results to parties outside the organisation, the communication must include limitations on distribution and use of the results.				
	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.				
2420	Quality of Communications				
	Communications must be accurate, objective, clear, concise, constructive, complete and timely.	Y			Part of standard audit process and quality review system.
	Interpretation: 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.				
2421	Errors and Omissions				

## PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	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.	Y			See above.
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 programme support the statement.	Y			Part of standard quality process. Although we have cancelled the BSi Membership, we still maintain the quality standards.
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 engagement results must disclose the: <ul style="list-style-type: none"> <li>• Principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved;</li> <li>• Reason(s) for non-conformance; and</li> <li>• Impact of non-conformance on the engagement and the communicated engagement results.</li> </ul>	Y			On the assumption that there is no evidence to the contrary.
2440	Disseminating Results				
	The chief audit executive must communicate results to the appropriate parties.	Y			Standard audit process.
	Interpretation: The chief audit executive is responsible for reviewing and approving the final engagement communication before issuance and deciding to whom and how it will be disseminated.				Part of standard audit process.
	2440.A1 The chief audit executive is responsible for communicating the final results to parties who can				See above.

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	ensure that the results are given due consideration.				
	<p>2440.A2</p> <p>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"> <li>Assess the potential risk to the organisation;</li> <li>Consult with senior management and/ or legal counsel as appropriate; and</li> <li>Control dissemination by restricting the use of the results.</li> </ul>				
	<p>2440.C1</p> <p>The chief audit executive is responsible for communicating the final results of consulting engagements to clients.</p>				
	<p>2440.C2</p> <p>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>				
2450	Overall Opinions				
	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.	Y			Part of standard audit process.
	<p>Interpretation:</p> <p>The communication will identify:</p> <ul style="list-style-type: none"> <li>The scope including the time period to which the opinion pertains.</li> <li>Scope limitations.</li> <li>Consideration of all related projects including the reliance on other assurance providers.</li> <li>The risk or control framework or other criteria used as a basis for the overall opinion.</li> <li>The overall opinion, judgment or conclusion reached.</li> </ul>				

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>The reasons for an unfavourable overall opinion must be stated.</p> <p><b>Public sector requirement:</b>  <b>The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.</b></p> <p><b>The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.</b></p> <p><b>The annual report must incorporate:</b></p> <ul style="list-style-type: none"> <li>• The opinion;</li> <li>• A summary of the work that supports the opinion; and</li> <li>• A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.</li> </ul>				
<b>2500</b>	<b>Monitoring Progress</b>				
	The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.	Y			Part of standard audit process.
	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.				
	2500.C1 The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.				
<b>2600</b>	<b>Communicating the Acceptance of Risks</b>				
	When the chief audit executive concludes that	Y			

PUBLIC SECTOR INTERNAL AUDIT STANDARDS: Applying the IIA International Standards to the UK Public Sector

Sectn. /Std.	Adherence to the Standard	Y	P	N	Evidence
	<p>management has accepted a level of risk that may be unacceptable to the organisation, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.</p>				
	<p>Interpretation: 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.</p>				