



Carmarthenshire County Council
Internal Audit Report

Public Sector Internal Audit Standards (PSIAS)

**External Assessment of
Blaenau Gwent Council's Internal Audit Service**

Welsh Chief Internal Auditor Group

WCIAG

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Report Author	Caroline Powell, Principal Auditor Carmarthenshire County Council
Issued to	Louise Rosser, Audit & Risk Manager

1. Introduction

- 1.1 The Public Sector Internal Audit Standard (PSIAS) became effective from 1st April 2013 and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.
- 1.2 The two possible approaches to external assessments outlined in the standard included either a full external assessment or an internal self-assessment which is validated by an external reviewer.
- 1.3 Members of the Welsh Chief Internal Auditor Group (WCIAG) elected to adopt the self-assessment approach, with another member of the WCIAG undertaking the validation.

2. Purpose

- 2.1 The purpose of the external assessment is to help improve delivery of the audit service to an organisation. The assessment is designed to be a supportive process that identifies opportunities for development which ultimately help to enhance the value of the audit function to the authority.

3. Results

- 3.1 The assessment involved a validation of a self-assessment of conformance against the PSIAS undertaken by the Principal Auditor at Carmarthenshire County Council.
- 3.2 The assessment comprised a desktop review of the self-assessment and supporting evidence and discussions were held with the Chief Audit Executive (CAE), the Professional Lead, the Senior Auditor and the Chair of the Governance & Audit Committee to gain insight and views on the operation of the Internal Audit Team and adherence to the Standards.
- 3.3 In summary, there are 304 best practice lines within the PSIAS. The Internal Audit Service of Blaenau Gwent Council is currently conforming to 267 of the requirements, with 30 areas deemed not applicable, partial conformance in 6 areas and non-conformance in one area.

3.4 The table below summarises the outcome of the assessment.

Standard	Conformance				Total
	Yes	Partly	No	N/A	
1. Mission of Internal Audit	1				1
2. Definition of Audit Risk	2				2
3. Core Principles	10				10
4. Code of Ethics	13				13
5. Attribute Standards					
Purpose, Authority and Responsibility	17	2		1	20
Objectivity and Independence	25		1	3	29
Proficiency and Due Professional Care	18			3	21
Quality Assurance and Improvement Programme	24				24
6. Performance Standards					
Managing the Internal Audit Activity	32	3		2	37
Nature of Work	23	1		4	28
Engagement Planning	37			15	52
Performing the Engagement	15				15
Communicating Results	45			1	46
Monitoring Progress	3			1	4
Communicating the Acceptance of Risks	2				2
Total	267	6	1	30	304

3.5 This report contains three appendices as follows:

Appendix A	Action Plan to address non / partial conformance areas
Appendix B	Enhancing proposals for areas where conformance is already achieved
Appendix C	Completed checklist for assessing conformance with the PSIAS and Local Government Application Note (LGAN)

3.6 The one area of non-compliance relates to Standard 1130, *Impairment to Independence or Objectivity*. The requirement is for someone outside of Internal Audit to have oversight of audit engagements in areas managed by the CAE. Currently, audits which are undertaken on Risk and/or Insurance, would be overseen by the Chief Officer Resources, who has overall responsibility for the Internal Audit Service, thus the officer is not outside of the Internal Audit activity. Where audits are undertaken in these areas, the PSIAS require that they are overseen by a party outside the Internal Audit activity.

3.7 The six areas of partial compliance relate to:

- *Standard 1000 Purpose, Authority and Responsibility*

This area relates specifically to what should be included in the Charter. The Internal Audit Charter currently does not include a definition of Internal Audit's role in any fraud-related work.

- *Standard 1000 Purpose, Authority and Responsibility*

This area relates specifically to what should be included in the Charter. The Internal Audit Charter currently does not include the existing arrangements within the organisation's anti- fraud and anti-corruption policies, requiring the CAE to be notified of all suspected or detected fraud, corruption or impropriety.

- *Standard 2010 Planning*

The standard requires that the CAE must establish risk-based plans to determine the priorities of the Internal Audit activity, consistent with the organisation's goals. The auditing of IT is outsourced to Torfaen County Council, through a shared resource service (SRS). The CAE is not involved with the production or monitoring of this plan, nor is the Governance & Audit Committee involved in its review and approval.

- *2020 Communication and Approval*

The IT audit plan is currently not reviewed and approved by the Governance & Audit Committee. Progress updates on the plan are also not presented to the Committee.

- *2050 Coordination*

There is little evidence of coordination of activities or information sharing with other internal and external providers of assurance; no assurance mapping exercise has been undertaken.

- *2120 Risk Management*

There is no evidence available to demonstrate that Internal Audit has evaluated how the organisation manages fraud risk.

Impact of non-compliance and steps to be taken to ensure compliance

3.6.1 Any non-conformance with the Standards and the impact must be disclosed to senior management and the Governance & Audit Committee.

3.6.2 In terms of the review that has been undertaken, the impact of the non-conformance is not considered to be significant, and the Internal Audit service of Blaenau Gwent Council complies with the Standards in all significant areas and operates independently and objectively.

3.6.3 The CAE has agreed that an action plan will be drafted to respond to the areas of partial compliance and non-compliance for consideration by the Governance & Audit Committee.

Action Plan to address non / partial conformance areas

Rec No	Standard	Action to address non-compliance	Responsible Person	Timescale
1	1130 Impairment to Independence or Objectivity Assurance engagements for functions over which the Chief Audit Executive (CAE) has responsibility must be overseen by a party outside the Internal Audit activity.	Currently, audits which are undertaken on Risk and/or Insurance, would be overseen by the Chief Officer Resources, who has overall responsibility for the Internal Audit Service, thus the officer is not outside the Internal Audit activity. Where audits are undertaken in these areas, the PSIAS require that they are overseen by a party outside the Internal Audit activity.		
		Action to address partial compliance		
2	1000 Purpose, Authority and Responsibility The Internal Audit Charter must define the role of Internal Audit in any fraud-related work.	The Internal Audit Charter should be updated to include a definition of Internal Audit's role in any fraud-related work.		
3	1000 Purpose, Authority and Responsibility The Internal Audit Charter must set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, requiring the CAE to be notified of	The Internal Audit Charter should be updated to set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, requiring the CAE to be notified of all suspected or detected fraud, corruption or impropriety.		

	all suspected or detected fraud, corruption or impropriety.			
4	<p>2010 Planning</p> <p>The CAE must establish risk-based plans to determine the priorities of the Internal Audit activity, consistent with the organisation's goals.</p>	<p>The auditing of IT is outsourced to Torfaen County Council, through a shared resource service (SRS). The CAE is not involved with the production or monitoring of this plan. The annual IT plan is produced by Torfaen and approved by the Boards of the SRS each of which has a representative from the partner authorities. For Blaenau Gwent, the Chief Officer Resources sits on the Finance and Governance Board, the Chief Executive on the Strategic Board and Chief Officer Commercial on the Business and Collaboration Board.</p> <p>The annual IT plan is not presented to the Governance & Audit Committee for consideration or approval. Progress updates on the plan are also not presented to the Governance & Audit Committee.</p> <p>The IT audit plan should be considered by the CAE to ensure the priorities of the activity are determined, consistent with the organisation's goals. The Governance & Audit Committee should consider and approve the annual IT audit plan and should be provided with regular progress updates on the plan.</p>		
5	2020 Communication and Approval	The IT audit plan and progress updates should be considered by Senior		

	The CAE 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.	Management and reviewed and approved by the Governance & Audit Committee.		
6	2050 Coordination The CAE should share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.	There is little evidence of coordination of activities or information sharing with other internal and external providers of assurance; no assurance mapping exercise has been undertaken. An Assurance Mapping exercise should be undertaken to ensure proper coverage and minimise duplication of efforts.		
7	2120 Risk Management The Internal Audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.	No evidence available to demonstrate that Internal Audit has evaluated how the organisation manages fraud risk. A fraud risk register should be developed and maintained.		

Further Action Plan – Enhancing proposals for areas where conformance is already achieved

Standard	Compliant, but enhancing recommendation proposed.	Who is responsible for implementing the action	Timescale
1100 Independence and Objectivity The CAE must establish effective communication with, and have free and unfettered access to, the Chief Executive and the Chair of the Audit Committee.	Whilst the Internal Audit Charter does state that the CAE has unrestricted access to the Chair of the Governance & Audit Committee; it is not documented within the Charter that the CAE has unfettered access to, as well as communicate effectively with, the Chief Executive. The Internal Audit Charter should be updated to reflect this.		
1112 Chief Audit Executive Roles Beyond Internal Auditing The Board must approve and periodically review any safeguards put in place to limit impairments to independence and objectivity.	Whilst there are safeguards in place to limit impairment to independence or objectivity, with the CAE having no involvement in the auditing of Risk/Insurance sections, this has not been formally documented nor approved by the Board. The arrangements are, however, reported annually within the Annual Internal Audit Report and are included within the Audit Charter. The safeguards put in place should be periodically reviewed and approved by the Governance & Audit Committee.		
1210 Proficiency Internal Auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation.	Advised that approximately half of the Internal Audit team has had fraud training in the past; however, this training is historic, with refresher training not undertaken recently. Fraud training for Internal Auditors should be considered.		

<p>1210 Proficiency Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work.</p>	<p>External IT provision is resourced from Torfaen Council as part of a shared resource Service Level Agreement (SLA), however, a copy of the SLA was not available. The SLA should be available to demonstrate the agreement in place.</p>		
<p>1210 Proficiency Internal auditors must have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques.</p>	<p>External IT provision is resourced from Torfaen Council as part of a shared resource Service Level Agreement (SLA), however, a copy of the SLA was not available. The SLA should be available to demonstrate the agreement in place.</p>		
<p>1311 Internal Assessments Ongoing performance monitoring should include obtaining stakeholder feedback.</p>	<p>Verbal stakeholder feedback is currently obtained. It would be prudent to consider developing the process to obtain documented stakeholder feedback.</p>		
<p>2040 Policies and Procedures The CAE must establish policies and procedures to guide the internal audit activity.</p>	<p>No evidence that the Internal Audit Process Flowchart has been regularly reviewed. The Flowchart provided as evidence showed the most recent modification date as 14/02/2017. It would be prudent to regularly review the Flowchart and document the date of the review to demonstrate that it is up to date.</p>		

<p>2070 External Service Provider and Organisational Responsibility for Internal Auditing</p> <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>External IT provision is resourced from Torfaen Council as part of a shared resource Service Level Agreement (SLA), however, a copy of the SLA was not available. The SLA should be available to demonstrate the agreement in place.</p>		
<p>2120 Risk Management</p> <p>The Internal Audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.</p>	<p>The Internal Audit activity has evaluated the effectiveness of the organisation's risk management processes; however, a specific review of Risk Management has not been undertaken since 2014. At that point in time, a 'limited' assurance rating was assigned to the system and processes in place. A follow-up review was conducted in 2015, however, a more recent review has not been conducted.</p> <p>It would be prudent for the Internal Audit activity to evaluate the effectiveness of risk management processes on a more frequent basis.</p>		

**CHECKLIST FOR ASSESSING CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS
AND THE LOCAL GOVERNMENT APPLICATION NOTE (LGAN)**

Glossary	
GC	Generally Conforms with PSIAS - The relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of 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. General conformance does not require complete / perfect conformance, the ideal situation, successful practice, etc.
PC	Partially Conforms with PSIAS - 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.
DNC	Does Not Conform with PSIAS - 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.
N/A	Not Applicable - The sections marked N/A do not apply to this assessment. Any n/a answers should be treated as generally conforming with the PSIAS.
CAE	Chief Audit Executive (CAE) - A generic title used to describe the person responsible for managing the internal audit activity. In Blaenau Gwent Council, it is the Audit & Risk Manager.

	SUMMARY OF RESULTS	GC	PC	DNC	N/A
A	Mission of Internal Audit	1			
B	Definition of Internal Auditing	2			
C	Core Principles for the Professional Practice of Internal Auditing	10			
D	Code of Ethics	13			
E	Attribute Standards	80	2	1	7
1000	Purpose, Authority and Responsibility (The sum of <i>Standards</i> 1000-1010)	17	2		1
1100	Independence and Objectivity	8			
1110	Organisational Independence	6			
1111	Direct Interaction with the Board	1			
1112	Chief Audit Executive Roles Beyond Internal Auditing	2			
1120	Individual Objectivity	2			
1130	Impairments to Independence or Objectivity	6		1	3
1200	<i>Proficiency and Due Professional Care</i>				
1210	Proficiency	9			
1220	Due Professional Care	5			3
1230	Continuing Professional Development	4			
1300	Quality Assurance and Improvement Programme	4			
1310	Requirements of the Quality Assurance and Improvement Programme	1			
1311	Internal Assessments	10			
1312	External Assessments	4			
1320	Reporting on the Quality Assurance and Improvement Programme	2			
1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing	1			
1322	Disclosure of Non-conformance	2			
F	Performance Standards	155	4		23
2000	Managing the Internal Audit Activity				
2010	Planning	21	1		2
2020	Communication and Approval	2	1		
2030	Resource Management	3			
2040	Policies and Procedures	2			
2050	Coordination		1		
2060	Reporting to Senior Management and the Board	3			

	SUMMARY OF RESULTS	GC	PC	DNC	N/A
2070	External service Provider and Organisational Responsibility for Internal Audit	1			
2100	Nature of Work				
2110	Governance	8			
2120	Risk Management	10	1		3
2130	Control	5			1
2200	Engagement Planning	13			7
2210	Engagement Objectives	11			2
2220	Engagement Scope	3			6
2230	Engagement Resource Allocation	3			
2240	Engagement Work Programme	7			
2300	Performing the Engagement				
2310	Identifying Information	1			
2320	Analysis and Evaluation	6			
2330	Documenting Information	6			
2340	Engagement Supervision	2			
2400	Communicating Results				
2410	Criteria for Communicating	12			1
2420	Quality of Communications	1			
2421	Errors and Omissions	1			
2430	Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing'.	1			
2431	Engagement Disclosure of Non-conformance	3			
2440	Disseminating Results	6			
2450	Overall Opinions	21			
2500	Monitoring Progress	3			1
2600	Resolution of Senior Managements Acceptance of Risks	2			
	OVERALL CONCLUSION – CONFORMANCE WITH PSIAS	267	6	1	30

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
A	Mission of Internal Audit				
1	Based on your review of conformance with other requirements of the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), does the internal audit activity aspire to accomplish the Mission of Internal Audit as set out in the PSIAS? <i>To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.</i>	✓			Blaenau Gwent Council Internal Audit service's mission is in-line with the stated definition of internal audit which is named as the purpose in the Charter.
	Mission of Internal Audit	GC			
B	Definition of Internal Auditing				
2	Based on your review of conformance with other requirements of the PSIAS and LGAN, is the internal audit activity independent and objective?	✓			The IA Activity's independence and objectivity is established and set out in the Charter which is approved by the Audit and Governance Committee.
3	Based on your review of conformance with other requirements of the PSIAS and LGAN, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓			The IA Activity uses a systematic and disciplined approach to evaluate the effectiveness of risk management, control and governance processes. A 5 year plan is developed based on risk assessment analysis.
	Definition of Internal Audit Conclusion	GC			
C	Core Principles for the Professional Practice of Internal Auditing				
4	Having regard to your review of conformance with the Code of Ethics (Integrity, Seven Principles of Public Life), do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating integrity?	✓			Internal Audit Charter and the Declarations of compliance with the Code of Ethics.
5	Having regard to your review of conformance with the Code of Ethics (Competence, Confidentiality, Seven Principles of Public Life) and any other evidence from the review of conformance with Standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating competence and due professional care?	✓			Internal Audit Charter, Declarations of compliance with the Code of Ethics and Annual Performance Review.
6	Having regard to your review of conformance with the Code of Ethics (Objectivity, Seven Principles of Public Life) and any other evidence from the review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being objective and free from undue influence (independent)?	✓			Internal Audit Charter and the Declarations of compliance with the Code of Ethics.
7-13	Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN a) By being aligned with the strategies, objectives, and risks of the organisation by? b) Being appropriately positioned and adequately resourced? c) Demonstrating quality and continuous improvement? d) Communicating effectively? e) Providing risk-based assurance, based on adequate risk assessment? f) Being insightful, proactive, and future-focused? g) Promoting organisational improvement?	✓			Internal Audit Charter, Risk-based Audit Plan. Declarations of compliance with the Code of Ethics and Annual Performance Review. QAIP in place, which has been approved by AC in 2018 Quarterly Progress Reports provided to G&AC
	Core Principles for the Professional Practice of Internal Auditing	GC			
D	Code of Ethics				
14-17	Integrity Based on your review of conformance with other requirements of	✓			Annual declaration of ethical compliance certified by IA staff.

	<p>the PSIAS and LGAN, do you consider that internal auditors display integrity by:</p> <p>a) Performing their work with honesty, diligence and responsibility?</p> <p>b) Observing the law and making disclosures expected by the law and the profession?</p> <p>c) Not knowingly partaking in any illegal activity nor engaging in acts that are discreditable to the profession of internal auditing or to the organisation?</p> <p>d) Respecting and contributing to the legitimate and ethical objectives of the organisation?</p>				<p>Annual record of Business Interests completed by IA staff.</p> <p>Annual staff performance review and monthly supervision.</p> <p>Staff are also required to comply with their own professional code of conduct.</p>
18-20	<p>Objectivity</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display objectivity by:</p> <p>a) Not taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?</p> <p>b) Not accepting anything that may impair or be presumed to impair their professional judgement?</p> <p>c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?</p>	✓			<p>Annual declaration of ethical compliance certified by IA staff.</p> <p>Annual record of Business Interests completed by IA staff.</p> <p>Annual staff performance review and monthly supervision.</p> <p>Staff are also required to comply with their own professional code of conduct.</p>
21-22	<p>Confidentiality</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display due respect and care by:</p> <p>a) Acting prudently when using information acquired in the course of their duties and protecting that information?</p> <p>b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?</p>	✓			<p>Annual declaration of ethical compliance certified by IA staff.</p> <p>Annual record of Business Interests completed by IA staff.</p> <p>Annual staff performance review and monthly supervision.</p> <p>Staff are also required to comply with their own professional code of conduct.</p>
23-25	<p>Competency</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display competence by:</p> <p>a) Only carrying out services for which they have the necessary knowledge, skills and experience?</p> <p>b) Performing services in accordance with the PSIAS?</p> <p>c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?</p>	✓			<p>The Internal Audit team is staffed with suitably experienced, qualified and part-qualified officers.</p> <p>Annual staff performance review and monthly supervision.</p> <p>Staff are also required to comply with their own professional code of conduct.</p>
26	<p>Seven Principles of Public Life</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors, whether consciously or through conformance with organisational procedures and norms, have due regard to the Committee on Standards of Public Life's <i>Seven Principles of Public Life</i>?</p>	✓			<p>Internal Audit Charter.</p> <p>Internal Audit Flow Chart.</p> <p>Declarations of compliance with the Code of Ethics.</p>
	Code of Ethics Conclusion	GC			
	Standards				
E	Attribute Standards				
	1000 Purpose, Authority and Responsibility				
27-29	<p>Does the internal audit charter conform with the PSIAS by including a formal definition of:</p> <p>a) the purpose</p>	✓			Internal Audit Charter

49	Does the CAE attend audit committee meetings?	✓			Governance & Audit Committee agendas and minutes.
50	Does the CAE contribute to audit committee agendas?	✓			Governance & Audit Committee agendas and minutes.
51-54	Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	✓			Annual declaration of ethical compliance certified by IA staff. Annual record of Business Interests completed by IA staff. Annual staff performance review and monthly supervision. Staff are also required to comply with their own professional code of conduct.
	1100 Conclusion	GC			
	1110 organisational Independence				
55	Does the CAE report to an organisational level equal or higher to the corporate management team?	✓			CAE reports to the Chief Officer Resources, who is part of the Corporate Management Team.
56	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓			CAE reports to the Chief Officer Resources, who is part of the Corporate Management Team.
57-58	Does the CAE's position in the management structure: a) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? b) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓			CAE reports to the Chief Officer Resources, who is part of the Corporate Management Team.
59	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent?	✓			Annual Internal Audit Report.
60	Is the organisational independence of internal audit realised by functional reporting by the CAE to the board? <i>The 'Interpretation' to PSIAS 1110 provides examples of factors which may indicate that the CAE reports functionally to the Board, which include where the board:</i> a) approves the internal audit charter b) approves the risk-based audit plan c) approves the internal audit budget and resource plan d) receives communications from the CAE on the activity's performance (in relation to the plan, for example) e) approves decisions relating to the appointment and removal of the CAE f) approves the remuneration of the CAE g) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓			Governance & Audit Committee agendas and minutes.
	1110 Conclusion	GC			
	1111 Direct Interaction with the Board				
61	Does the CAE communicate and interact directly with the board?	✓			Governance & Audit Committee agendas and minutes.
	1111 Conclusion				
	1112 Chief Audit Executive Roles Beyond Internal Auditing				
62	Where the CAE has roles or responsibilities that fall outside of internal auditing, are adequate safeguards in place to limit impairments to independence or objectivity?	✓			The CAE manages the Risk/Insurance section as well as Internal Audit. Whilst there are safeguards in place to limit impairment to independence or objectivity, with the CAE having no involvement in the auditing of Risk/Insurance sections, this has not been formally documented nor approved by the Board. The arrangements

					are, however, reported annually within the Annual Internal Audit Report and are included within the Audit Charter.
63	Does the board periodically review these safeguards?	✓			The CAE manages the Risk/Insurance section as well as Internal Audit. Whilst there are safeguards in place to limit impairment to independence or objectivity, with the CAE having no involvement in the auditing of Risk/Insurance sections, this has not been formally documented nor approved by the Board. The arrangements are, however, reported annually within the Annual Internal Audit Report and are included within the Audit Charter.
	1112 Conclusion	GC			
	1120 Individual Objectivity				
64	Do internal auditors have an impartial, unbiased attitude?	✓			Annual declaration of ethical compliance certified by IA staff. Annual record of Business Interests completed by IA staff. Annual staff performance review and monthly supervision. Staff are also required to comply with their own professional code of conduct.
65	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			Annual declaration of ethical compliance certified by IA staff. Annual record of Business Interests completed by IA staff. Annual staff performance review and monthly supervision. Staff are also required to comply with their own professional code of conduct.
	1120 Conclusion	GC			
	1130 Impairment to Independence or Objectivity				
66	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?	✓			Advised that there has not been any real or apparent impairment of independence, however, should there be, this would be disclosed appropriately.
67	Does review indicate that work allocations have operated so that internal auditors have not assessed specific operations for which they have been responsible within the previous year?	✓			Internal Audit Charter Internal Audit Plan
68	If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?			✓	Where audits are undertaken on Risk and/or Insurance, these are not overseen by someone <u>OUTSIDE</u> of the Internal Audit activity. Such audits would be overseen by the Chief Officer Resources, who has overall responsibility for the Internal Audit Service, thus the officer is not <i>outside</i> of the IA activity.
69	Is the risk of over-familiarity or complacency managed effectively: for example by rotating assignments for ongoing assurance engagements and other audit responsibilities periodically within the internal audit team?	✓			Internal Audit Charter Internal Audit Plan Rotation of fundamental Audits within the confines of the resources pool available, with supervision and monitoring.
70	Have internal auditors declared interests in accordance with organisational requirements?	✓			Annual declaration of ethical compliance certified by IA staff. Annual record of Business Interests completed by IA staff.
71	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?	N/A			Advised that no gifts, hospitality, inducements or other benefits have been offered or received.
72	Does review indicate that no instances have been identified where an internal auditor has used information obtained during the course of duties for personal gain?	✓			Annual declaration of ethical compliance certified by IA staff. Annual record of Business Interests completed by IA staff. Annual staff performance review and monthly supervision.

					Staff are also required to comply with their own professional code of conduct.
73	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	✓			Annual declaration of ethical compliance certified by IA staff. Annual record of Business Interests completed by IA staff. Annual staff performance review and monthly supervision. Staff are also required to comply with their own professional code of conduct.
74	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?	N/A			No consulting services undertaken.
75	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	N/A			No consulting services undertaken.
	1130 Conclusion	GC			
	1200 Proficiency and Due Professional Care				
	1210 Proficiency				
76	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			Chief Audit Executive is ACCA qualified (FCCA)
77	Is the CAE suitably experienced?	✓			CAE is a Fellow of ACCA
78	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			Corporate Policies for the recruitment of staff.
79	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	✓			Job Descriptions
80	Having regard to the answers to the other questions in this section and other matters, does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓			Annual staff performance review and monthly supervision.
81	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	✓			Advised that where required, suitable skills would be procured. E.g., external IT audit provision is currently procured.
82	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓			Advised that approximately half of the Internal Audit team has had fraud training in the past; however, this training is historic, with refresher training not undertaken recently.
83	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓			There is no IT auditor resource within the team and no evidence of recent, specific, information technology training for any Internal Audit staff. External IT provision is, however, resourced from Torfaen Council as part of a shared resource Service Level Agreement (SLA), however, a copy of the SLA was not available.
84	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	✓			There is no IT auditor resource within the team and no evidence of recent, specific, information technology training for any Internal Audit staff. External IT provision is, however, resourced from Torfaen Council as part of a shared resource Service Level Agreement (SLA), however, a copy of the SLA was not available.
	1210 Conclusion	GC			
	1220 Due Professional Care				
85-89	Do internal auditors exercise due professional care by considering the: a) Extent of work needed to achieve the engagement's objectives?	✓			Internal Audit assignment documentation Evidence of supervision and review by Professional Lead

	b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? c) Adequacy and effectiveness of governance, risk management and control processes? d) Probability of significant errors, fraud, or non-compliance? e) Cost of assurance in relation to potential benefits?				
90-92	Do internal auditors exercise due professional care during a consulting engagement by considering the a) Needs and expectations of clients, including the nature, timing and communication of engagement results? b) Relative complexity and extent of work needed to achieve the engagement's objectives? c) Cost of the consulting engagement in relation to potential benefits?	N/A			No consulting services undertaken.
	1220 Conclusion	GC			
	1230 Continuing Professional Development				
93	Has the CAE defined the skills and competencies for each level of auditor?	✓			Job Descriptions Training Records Annual staff performance review and monthly supervision
94	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓			
95	Do internal auditors undertake a programme of continuing professional development?	✓			
96	Do internal auditors maintain a record of their professional development and training activities?	✓			
	1230 Conclusion	GC			
	1300 Quality Assurance and Improvement Programme				
97	Has the CAE developed a QAIP that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	✓			QAIP – approved by Audit committee 2018
98	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	✓			
99	Does the CAE maintain the QAIP?	✓			
100	Are any statutory requirements for review of the internal audit activity satisfied?	✓			
	1300 Conclusion	GC			
	1310 Requirements of the Quality Assurance and Improvement Programme				
101	Does the QAIP include both internal and external assessments?	✓			QAIP – approved by Audit committee 2018
	1310 Conclusion	GC			
	1311 Internal Assessments				
102	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			Internal Audit Plan Allocation of work discussed with professional Lead
103-104	Do internal assessments include ongoing monitoring of the internal audit activity such as: a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	✓			QAIP – approved by Audit committee 2018
105	Does ongoing performance monitoring contribute to quality improvement through the effective use of performance targets?	✓			Internal Audit Performance Measures

106	Is there a set of comprehensive targets which between them encompass all significant internal audit activities?	✓			Internal Audit Performance Measures
107	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓			Internal Audit Performance Measures
108	Does the CAE measure, monitor and report on progress against these targets?	✓			Internal Audit Performance Measures Governance & Audit Committee Agendas and Minutes
109	Does ongoing performance monitoring include obtaining stakeholder feedback?	✓			Verbal stakeholder feedback is currently obtained. It would be prudent to consider developing the process to obtain documented stakeholder feedback.
110	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.	✓			Current External Quality Assessment undertaken by Principal Auditor of Carmarthenshire County Council.
111	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	✓			Internal Audit Performance Measures Governance & Audit Committee Agendas and Minutes
	1311 Conclusion	GC			
	1312 External Assessments				
112	Has an external assessment been carried out, or is one planned to be carried out, at least once every five years?	✓			Current External Quality Assessment undertaken by Principal Auditor of Carmarthenshire County Council.
113	Has the CAE discussed the alternative approaches to external assessment with the board? <i>This should reflect the relative costs of the different approaches, the potential advantages of an external viewpoint, and whether there are factors which might be considered to warrant a demonstrably independent assessment.</i>	✓			Current External Quality Assessment process being undertaken as part of the Welsh Chief Auditor Group Self-Assessment Approach.
114	Has the CAE properly discussed the qualifications and independence of the assessor or assessment team with the board? <i>In doing this, the CAE should consider whether the assessor or assessment team has demonstrated its competence in both the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through both experience and theoretical learning. Experience of similar organisations or sectors is more valuable than less relevant experience. In the case of an assessment team, not all members need to have all the competencies – it is the team as a whole that is qualified.</i> <i>If the capability of the assessor or assessment team is not immediately obvious, the CAE should document how they used professional judgement to decide whether this is sufficient to carry out the external assessment.</i> <i>If the assessor or assessment team has any real or apparent conflicts of interest with the organisation, this should be clearly explained to the board, and safeguards should be put in place to minimise the effect of this on the conduct of the external assessment.</i> <i>Conflict of interest may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.</i>	✓			Current External Quality Assessment process being undertaken as part of the Welsh Chief Auditor Group Self-Assessment Approach.

115	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive? <i>The CAE should also agree this scope with the external assessor or assessment team.</i>	✓			The CAE has met with the external assessor to agree the scope of the assessment.
	1312 Conclusion	GC			
	1320 Reporting on the Quality Assurance and Improvement Programme				
116	Has the CAE reported the results of the QAIP to senior management and the board? <i>Note that:</i> <i>a) the results of both external and periodic internal assessment must be communicated upon completion</i> <i>b) the results of ongoing monitoring must be communicated at least annually</i> <i>c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.</i>	✓			QAIP Internal Audit Annual Report Internal Audit Charter
117	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓			QAIP Internal Audit Annual Report Internal Audit Charter
	1320 Conclusion	GC			
	1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'				
118	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓			QAIP Internal Audit Annual Report Internal Audit Charter
	1321 Conclusion	GC			
	1322 Disclosure of Non-conformance				
119	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			Should this situation arise, advised that this would be contained within the Annual Report and also through the quarterly progress reports submitted to the Governance & Audit Committee.
120	If appropriate, has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓			Should this situation arise, advised that this would be included within the Annual Report and also taken into account with the Audit Plan.
	1322 Conclusion	GC			
F	Performance Standards				
	2000 Managing the Internal Audit Activity				
	2010 Planning				
121	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?		✓		High-level 5-year Audit Plan is approved by the Governance & Audit Committee. A detailed audit plan is then decided, and actioned, based on the highest priorities for the organisation. <i>The auditing of IT is, however, outsourced to Torfaen County Council, through a shared resource service (SRS). The CAE is not involved with the production or monitoring of this plan. The annual IT plan is produced by Torfaen and approved by the Boards of the SRS each of which has a representative from the partner authorities. For Blaenau Gwent, the Chief Officer Resources sits on the Finance</i>

					and Governance Board, the Chief Executive on the Strategic Board and Chief Officer Commercial on the Business and Collaboration Board. The annual IT plan is not presented to the Governance & Audit Committee for consideration or approval. Progress updates on the plan are also not presented to the Governance & Audit Committee.
122	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			Annual Internal Audit Report
123-125	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	✓			Internal Audit Plan
126	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			
127	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	✓			
128	If such a risk management framework does not exist, has the CAE used their judgement of risks after input from senior management and the board and evidenced this?	✓			
129-131	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	✓			
132	Does the risk-based plan differentiate between audit and other types of work?	✓			
133	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓			
134	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	✓			Internal Audit Plan
135	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓			
136	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓			
137-140	In developing the risk-based plan, has the CAE also given sufficient consideration to: a) Any declarations of interest (for the avoidance for conflicts of interest)? b) The requirement to use specialists, eg IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary?	✓			

	d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?				
141	In developing the risk-based plan, has the CAE consulted with senior management and the board to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes?	✓			
142	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓			
143	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	N/A			No consulting engagements undertaken.
144	Are consulting engagements that have been accepted included in the risk-based plan?	N/A			No consulting engagements undertaken.
	2010 Conclusion	GC			
	<i>2020 Communication and Approval</i>				
145	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?		✓		High-level 5-year Audit Plan is approved by the Governance & Audit Committee. A detailed audit plan is then decided, and actioned, based on the highest priorities for the organisation. The auditing of IT is, however, outsourced to Torfaen County Council, through a shared resource service (SRS). Whilst an Annual IT Audit Plan is produced by Torfaen, this is not presented to Blaenau Gwent County Council's Governance & Audit Committee for consideration or approval. Progress updates on the plan are also not presented to the Governance & Audit Committee.
146	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓			Internal Audit Plan Governance & Audit Committee Agendas and Minutes
147	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓			Internal Audit Plan Governance & Audit Committee Agendas and Minutes
	2020 Conclusion	GC			
	<i>2030 Resource Management</i>				
148	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓			Internal Audit Plan
149	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise disruption to the functions being audited, subject to the requirement to obtain sufficient assurance?	✓			Internal Audit Plan Allocation of work is managed by the Audit professional Lead
150	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board?	✓			Governance & Audit Committee Agendas and Minutes
	2030 Conclusion	GC			
	<i>2040 Policies and Procedures</i>				

151	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓			Internal Audit Charter No Internal Audit Manual, but an Internal Audit Process Flowchart in place
152	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	✓			Internal Audit Charter – reviewed and approved annually No evidence that the Internal Audit Process Flowchart has been regularly reviewed. The Flowchart provided as evidence showed the most recent modification date as 14/02/2017.
	2040 Conclusion	GC			
	2050 Coordination				
153	Does the risk-based plan include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources?		✓		Self-assessment stated that this is <i>considered as part of liaison with the external auditor appointed and other LA's as required.</i> There is little evidence of coordination of activities or information sharing with other internal and external providers of assurance; no assurance mapping exercise has been undertaken.
	2050 Conclusion		PC		
	2060 Reporting to Senior Management and the Board				
154	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓			Governance & Audit Committee Agendas and Minutes Annual Internal Audit Report
155	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	✓			
156	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	✓			
	2060 Conclusion	GC			
	2070 External Service Provider and Organisational Responsibility for Internal Auditing				
157	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining an effective internal audit activity remains with the organisation?	✓			The auditing of IT is outsourced to Torfaen County Council, through a shared resource service (SRS). Whilst the CAE has advised that a Service Level Agreement (SLA) is in place between Blaenau Gwent Council and Torfaen Council for the provision of IT audits, this SLA was not available to view at the time of the assessment.
	2070 Conclusion	GC			
	2100 Nature of Work				
	2110 Governance				
158-163	Does the internal audit activity assess and make appropriate recommendations to improve the organisation's governance processes for: a) Making strategic and operational decisions? b) Overseeing risk management and control? c) Promoting appropriate ethics and values within the organisation? d) Ensuring effective organisational performance management and accountability? e) Communicating risk and control information to appropriate areas of	✓			Internal Audit Assignment Documents

	the organisation? f) Coordinating the activities of and communicating information among the board, external and internal auditors and management?				
164	Has the internal audit activity evaluated the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities? This is an area where the CAE may be able to use other sources of assurance.	✓			Internal Audit Plan
165	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives? This is an area where the CAE may be able to use other sources of assurance.	✓			Internal Audit Annual Report
	2110 Conclusion	GC			
	2120 Risk Management				
166-169	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that: a) Organisational objectives support and align with the organisation's mission? b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation's risk appetite? d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?	✓			The Internal Audit activity has evaluated the effectiveness of the organisation's risk management processes; however, a specific review of Risk Management has not been undertaken since 2014. At that point in time, a 'limited' assurance rating was assigned to the system and processes in place. Follow up review undertaken in 2015.
170-174	Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓			Internal Audit Plan Annual Internal Audit Report
175	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?		✓		Evidence not available to demonstrate that Internal Audit has evaluated how the organisation manages fraud risk. There is no fraud risk register in place.
176	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	N/A			
177	Are internal auditors alert to other significant risks when undertaking consulting engagements?	N/A			
178	Do internal auditors incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes?	N/A			
179	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	✓			Internal Audit Plan Annual Internal Audit Report
	2120 Conclusion	GC			
	2130 Control				

180-184	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓			Internal Audit Plan Annual Internal Audit Report
185	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	N/A			No consulting engagements undertaken.
	2130 Conclusion	GC			
	2200 Engagement Planning				
186	Do internal auditors develop and document a plan for each engagement?	✓			Internal Audit Assignment Documents
187-190	Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource allocations?	✓			Internal Audit Assignment Documents
191-198	Do internal auditors consider the following in planning an engagement, and is this documented: a) The objectives of the activity being reviewed? b) The means by which the activity controls its performance? c) The significant risks to the activity being audited? d) The activity's resources? e) The activity's operations? f) The means by which the potential impact of risk is kept to an acceptable level? g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model? h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	✓			Internal Audit Assignment Documents
199-201	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?	N/A			No engagements undertaken relating to outside parties.
202-204	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following: a) Objectives? b) Scope? c) The respective responsibilities of the internal auditors and the client and other client expectations?	N/A			No consulting engagements undertaken.
205	For significant consulting engagements, has this understanding been documented?	N/A			No consulting engagements undertaken.

	2200 Conclusion	GC			
	2210 Engagement Objectives				
206	Have objectives been agreed for each engagement?	✓			Internal Audit Assignment Documents
207	Have internal auditors carried out a preliminary risk assessment of the activity under review?	✓			Internal Audit Plan Internal Audit Assignment Documents
208	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	✓			Internal Audit Plan Internal Audit Assignment Documents
209-212	Have internal auditors considered the probability of the following, when developing the engagement objectives: a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?	✓			Internal Audit Plan Internal Audit Assignment Documents
213	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether organisational objectives and goals have been accomplished?	✓			Annual Internal Audit Report Internal Audit Plan Internal Audit Assignment Documents
214	If the criteria has been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓			
215	If the criteria has been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?	✓			
216	If the value for money criteria has been referred to, has the use of all the organisation's main types of resources been considered, including money, people and assets?	✓			
217	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	N/A			No consulting engagements undertaken.
218	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	N/A			No consulting engagements undertaken.
	2210 Conclusion	GC			
	2220 Engagement Scope				
219	Is the scope that is established for each engagement generally sufficient to satisfy the engagement's objectives?	✓			Internal Audit Assignment Documents
220	Does the scope for each engagement include consideration of relevant systems, records, personnel and physical properties?	✓			
221	Does this consideration include areas under the control of outside parties, where appropriate?	✓			
222	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	N/A			No consulting engagements undertaken.
223	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting standards?	N/A			

224	For each consulting engagement, was the scope of the engagement generally sufficient to address any agreed-upon objectives?	N/A			
225	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?	N/A			
226	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	N/A			
227	During consulting engagements, were internal auditors alert to any significant control issues?	N/A			
	2220 Conclusion	GC			
	2230 Engagement Resource Allocation				
228-230	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?	✓			Annual Internal Audit Plan
	2230 Conclusion	GC			
	2240 Engagement Work Programme				
231	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			Internal Audit Plan Internal Audit Assignment Documents
232-235	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	✓			
236	Were work programmes approved prior to implementation for each engagement?	✓			
237	Were any adjustments required to work programmes approved promptly?	✓			
	2240 Conclusion	GC			
	2300 Performing the Engagement				
	2310 Identifying Information				
238	Do internal auditors generally identify (sufficient, reliable, relevant and useful) information which supports engagement results and conclusions?	✓			Internal Audit Assignment Documents
	2310 Conclusion	GC			
	2320 Analysis and Evaluation				
239	Have internal auditors generally based their conclusions and engagement results on appropriate analyses and evaluations?	✓			Internal Audit Assignment Documents
240-244	Have internal auditors generally remained alert to the possibility of the following when performing their individual audits, and has this been documented: a) Intentional wrongdoing? b) Errors and omissions? c) Poor value for money? d) Failure to comply with management policy?	✓			Internal Audit Assignment Documents

	e) Conflicts of interest?				
	2320 Conclusion	GC			
	2330 Documenting Information				
245	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			Internal Audit Assignment Documents
246	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓			
247	Does the CAE control access to engagement records?	✓			The Audit drive is a secured network drive with access controlled by the Audit and Risk Manager.
248	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	✓			Self-assessment states that Audit documents are provided to relevant officers only. Commercially sensitive or confidential information is controlled.
249	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			Internal Audit retention requirements are in line with the Corporate guidelines, as well as regulatory/other requirements.
250	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓			Internal Audit retention requirements are in line with the Corporate guidelines, as well as regulatory/other requirements.
	2330 Conclusion	GC			
	2340 Engagement Supervision				
251	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			Internal Audit Assignment Documents
252	Is appropriate evidence of supervision documented and retained for each engagement?	✓			Internal Audit Assignment Documents
	2340 Conclusion	GC			
	2400 Communicating Results				
	2410 Criteria for Communicating				
253-256	Do the communications of engagement results include the following: a) The engagement's objectives? b) The scope of the engagement? c) Applicable conclusions? d) Recommendations and action plans, if appropriate?	✓			Internal Audit Assignment Documents Internal Audit Reports
257	Do internal auditors generally discuss the contents of the draft final reports with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	✓			
258	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓			
259	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			
260	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?	✓			
261	Subject to confidentiality requirements and other limitations on reporting, do communications disclose all material facts known to them in their audit	✓			

	reports which, if not disclosed, could distort their reports or conceal unlawful practice?				
262	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓			
263	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓			
264	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	✓			Advised that most IA results are in the public domain through the Governance & Audit Committee. Public interest tests performed on reporting as required.
265	Where the CAE has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, have the risks of doing so been managed effectively, having regard to the CAE's primary responsibility to the management of the organisation for which they are engaged to provide internal audit services?	N/A			The CAE has not been required to provide such assurance.
	2410 Conclusion	GC			
	2420 Quality of Communications				
266	Are internal audit communications generally accurate, objective, clear, concise, constructive, complete and timely?	✓			Internal Audit Assignment Documents Internal Audit Reports
	2420 Conclusion	GC			
	2421 Errors and Omissions				
267	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	✓			Advised that this has not been experienced, but should the situation arise, the corrected information would be communicated appropriately.
	2421 Conclusion	GC			
	2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'				
268	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	✓			Internal Audit Charter Annual Internal Audit Report QAIP
	2430 Conclusion	GC			
	2431 Engagement Disclosure of Non conformance				
269-271	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?	✓			Advised that this has not occurred. However, self-assessment records that if this did occur, it would be reported via the Audit and Risk Manager's annual report.
	2431 Conclusion	GC			
	2440 Disseminating Results				
272	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			Internal Audit Charter Internal Audit Assignment Documents Internal Audit Reports

273	Has the CAE communicated engagement results to all appropriate parties?	✓			Advised that the CAE (Audit and Risk Manager) is responsible for reviewing and approving the final engagement communication before it is issued, including the decision on who it is issued to and how it is disseminated.
274-276	Before releasing engagement results to parties outside the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?	✓			
277	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓			
	2440 Conclusion	GC			
	2450 Overall Opinion				
278	Has the CAE delivered an annual internal audit opinion?	✓			2020/21 Annual Report reviewed – Internal Audit opinion was 'Reasonable'
279	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	✓			
280	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	✓			
281	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information (having regard to the answers to questions on PSIAS 2300)?	✓			
282-285	Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓			
286	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	✓			
287	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓			
288-298	Does the annual report incorporate the following: a) The annual internal audit opinion? b) A summary of the work that supports the opinion? c) A disclosure of any qualifications to the opinion? d) The reasons for any qualifications to the opinion? e) A disclosure of any impairments or restriction in scope? f) A comparison or work actually carried out with the work planned? g) A statement on conformance with the PSIAS? h) The results of the QAIP? i) Progress against any improvement plans resulting from the QAIP? j) A summary of the performance of the internal audit activity against its performance measures and targets? k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	✓			

	2450 Conclusion	GC			
	2500 Monitoring Progress				
299	Has the CAE established a process to monitor and follow up management actions to ensure that agreed actions have been effectively implemented or that senior management have accepted the risk of not taking action?	✓			Follow-up process defined – Internal Audit Process Flowchart
300	Where issues have arisen during the follow-up process (for example, where agreed actions have not been implemented), has the CAE considered revising the internal audit opinion?	✓			Advised that this has not occurred.
301	Do the results of monitoring management actions inform the risk- based planning of future audit work?	✓			Internal Audit Plan
302	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	N/A			No consulting engagements undertaken.
	2500 Conclusion	GC			
	2600 Communicating the Acceptance of Risks				
303	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓			Internal Audit Charter Governance & Audit Committee Agendas and Minutes
304	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	✓			
	2600 Conclusion	GC			