

Ref	Conformance with the Standard	Assessment	Action Required	By Whom	By When
<b>3</b>	<b>Attribute Standards</b>				
<b>3.2</b>	<b>1100 Independence and Objectivity</b>				
	<b>1110 Organisational Independence</b>				
	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?	Non Compliant	The Internal Audit Manager's appraisals are currently undertaken by the CO(Resources). Consult Chair of Audit Committee, Chief Executive and other statutory officers on how this standard might be addressed.	Internal Audit Manager	31/03/2014
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	Non Compliant			
<b>3.3</b>	<b>1200 Proficiency and Due Professional Care</b>				
	<b>1210 Proficiency</b>				
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	Partial	Consider our positioning on fraud, etc and build appropriate provision into forthcoming audit plans and individual development plans and objectives.	Internal Audit Manager	31/03/2014
	<b>1220 Due Professional Care</b>				
	Do internal auditors exercise due professional care by considering the:				
	d) Probability of significant errors, fraud, or non-compliance?	Partial	Consider whether we cover these robustly enough and incorporate any conclusions/proposed changes in future strategic and annual plans.	Internal Audit Manager	31/03/2014
	e) Cost of assurance in relation to potential benefits?	Partial			
	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?	Partial	There is scope to strengthen existing arrangements. Consider developing a protocol for agreeing to consulting engagements	Internal Audit Manager	31/03/2014
	b) Relative complexity and extent of work needed to achieve the engagement's objectives?	Partial			
	c) Cost of the consulting engagement in relation to potential benefits?	Partial			

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	<b>1230 Continuing Professional Development</b>				
LGAN	Has the CAE defined the skills and competencies for each level of auditor?	Partial	Review and update competency framework	Internal Audit Manager	31/01/2014
LGAN	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	Partial	Build in to future EDPA meetings		
	Do internal auditors undertake a programme of continuing professional development?	Partial	Consider whether/how to make CPD more active and formal using QAIP and EDPA framework.		
<b>3.4</b>	<b>1300 Quality Assurance and Improvement Programme</b>				
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	Non Compliant	QAIP to be developed in accordance with the PSIAS and reported to Audit Committee.	Internal Audit Manager	30/06/2014
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	Non Compliant			
	Does the CAE maintain the QAIP?	Non Compliant			
	<b>1310 Requirements of the Quality Assurance and Improvement Programme</b>				
	Does the QAIP include both internal and external assessments?	Non Compliant	To be built in to development of a compliant QAIP (see above)	Internal Audit Manager	30/06/2014
	<b>1311 Internal Assessments</b>				
	Do internal assessments include ongoing monitoring of the internal audit activity, such as:				
	b) Periodic assessments for evaluating conformance with the PSIAS?	Partial	To be built in to development of a compliant QAIP (see above)	Internal Audit Manager	30/06/2014
LGAN	Does ongoing performance monitoring include comprehensive performance targets?	Partial	Review again with reference to other LAs arrangements (using Lancashire Councils benchmarking information) and consult/report to Audit Committee.	Internal Audit Manager	30/06/2014
LGAN	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	Partial			
LGAN	Does the CAE measure, monitor and report on progress against these targets?	Partial			
LGAN	Does ongoing performance monitoring include obtaining stakeholder feedback?	Partial	Arrangements are being made to invite managers' feedback on individual assignments.	Internal Audit Manager	31/01/2014

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<b>1312 External Assessments</b>					
LGAN	Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?	Partial	The potential for establishing peer review arrangements is being considered by Lancashire District Councils. This will consider the type of assessment and other potential sources of assessment.  Expectations of external assessments will be reviewed and a case presented to Audit Committee for the preferred form/channel.	Internal Audit Manager	30/06/2014
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?	Non Compliant			
LGAN	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?	Non Compliant			
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	N/A			
	Has the assessor or assessment team demonstrated competence in both areas of professional practice of internal auditing and the external assessment process?	N/A			
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?	N/A			
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation?	N/A			
	<i>Note: This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.</i>				
<b>1320 Reporting on the Quality Assurance and Improvement Programme</b>					
	Has the CAE reported the results of the QAIP to senior management and the board?	Non Compliant	This point has not yet been reached. Results will be reported to management and Audit Committee in future annual reports.	Internal Audit Manager	30/06/2014
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	Non Compliant			
<b>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</b>					
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	Non Compliant	This point has not yet been reached. The issue will be addressed in future annual reports.	Internal Audit Manager	30/06/2014
<b>1322 Disclosure of Non-conformance</b>					
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	Non Compliant	This point has not yet been reached. The issues will be addressed in the next (2013/14) IA Annual Report and corporate governance review	Internal Audit Manager	30/06/2014
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	Non Compliant			

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<b>4</b>	<b>Performance Standards</b>				
<b>4.1</b>	<b>2000 Managing the Internal Audit Activity</b>				
	<b>2010 Planning</b>				
	Does the risk-based plan take into account the organisation's assurance framework?	Partial	Consider whether/how the assurance framework can be further developed/defined. Include any conclusions/proposals in the next IA strategic and annual plans.	Internal Audit Manager	31/03/2014
	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of:				
	c) How the internal audit service links to organisational objectives and priorities?	Partial	Consider how this can be strengthened in the next IA strategic plan.	Internal Audit Manager	31/03/2014
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?	Partial	Consider ways in which the risk management framework can be developed with input from senior management and the Audit Committee.	Internal Audit Manager	31/03/2014
	<b>2030 Resource Management</b>				
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	Partial	The absence of a comprehensive corporate risk information source means that audit needs assessments start from a relatively low position.  Consideration is to be given to extending and strengthening current needs assessment processes. This will be addressed in the next round of strategic and annual plans.	Internal Audit Manager	31/03/2014
	<b>2050 Coordination</b>				
	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	Partial	Consideration will be given to ways in which wider assurance can be obtained. Conclusions and proposals will be incorporated in future strategic plans.	Internal Audit Manager	31/03/2014
<b>LGAN</b>	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	Partial			

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	<b>2110 Governance</b>				
	Does the internal audit activity:				
	b) Ensure effective organisational performance management and accountability?	Partial	These issues will be considered in developing the next IA strategic and annual plans.	Internal Audit Manager	31/03/2014
	c) Communicate risk and control information to appropriate areas of the organisation?	Partial			
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	Partial	This will be considered in consultation with the CO(Resources) and ICT Mgr in developing the next IA strategic and annual plans	Internal Audit Manager	31/03/2014
	<b>2120 Risk Management</b>				
	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that:				
	c) Appropriate risk responses are selected that align risks with the organisation's risk appetite?	Partial	Developments in this area are impacted by the extent of organisational change in recent years. These issues will be considered in developing the next IA strategic and annual plans.	Internal Audit Manager	31/03/2014
	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?	Partial			
<b>4.3</b>	<b>2200 Engagement Planning</b>				
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following:				
	c) The respective responsibilities of the internal auditors and the client and other client expectations?	Partial	A protocol is to be developed for agreeing consulting engagements.	Internal Audit Manager	31/03/2014
	For significant consulting engagements, has this understanding been documented?	Partial			
<b>4.4</b>	<b>2300 Performing the Engagement</b>				
	<b>2330 Documenting Information</b>				
	Has the CAE developed and implemented retention requirements for all types of engagement records?	Non Compliant	The document retention policy will be reviewed and updated.	Internal Audit Manager	31/03/2014
<b>4.5</b>	<b>2400 Communicating Results</b>				
	<b>2410 Criteria for Communicating</b>				
<b>LGAN</b>	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	Non Compliant	We will review and reconsider our stance on this.	Internal Audit Manager	31/03/2014

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	<b>2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'</b>				
	Do internal auditors report that engagements are ' <i>conducted in conformance with the PSIAS</i> ' only if the results of the QAIP support such a statement?	Non Compliant	This will be considered following completion of the QAIP review for the 2013/14	Internal Audit Manager	30/06/2014
	<b>2450 Overall Opinion</b>				
	Does the annual report incorporate the following:				
LGAN	h) The results of the QAIP?	Non Compliant	To be implemented in the 2013/14 annual report process	Internal Audit Manager	30/06/2014
LGAN	i) Progress against any improvement plans resulting from the QAIP?	N/A			
LGAN	j) A summary of the performance of the internal audit activity against its performance measures and targets?	N/A			