

Conformance with the Standard	Current Assessment	Update	Review Aug 2014	Action Required	By Whom	By When
Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:						
c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?	Compliant	Weekly progress update and monthly 1-2-1 meetings are used to review performance. Evaluations are carried out by the Internal Audit Manager and Principal Auditor at six-monthly EDPA meetings, resulting in training/development plans.	Changed from Partial to Compliant			
Standards						
Attribute Standards						
1100 Independence and Objectivity						
1110 Organisational Independence						
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). There are no current plans to change this arrangement.	No change			
Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	Non Compliant					
1200 Proficiency and Due Professional Care						
1210 Proficiency						
Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	Compliant	This has been addressed through a review of corporate risk and corruption risks.	Changed from Partial to Compliant	Consider our positioning on fraud, etc and build appropriate provision into forthcoming audit plans and individual development plans and objectives.	Internal Audit Manager	31/03/2015
1220 Due Professional Care						
Do internal auditors exercise due professional care by considering the:						
d) Probability of significant errors, fraud, or non-compliance?	Compliant	Arrangements have been agreed to ensure that greater attention is given to this aspect of all audit reviews.	Changed from Partial to Compliant	Consider whether we cover these robustly enough and incorporate any conclusions/proposed changes in future strategic and annual plans.	Internal Audit Manager	31/03/2015
e) Cost of assurance in relation to potential benefits?	Partial	This is considered in terms of the overall level of IA coverage and number of days planned on assurance work. It is not done at individual assignment level. There are currently no plans to change these arrangements.	No change	Consider whether/how this should be developed and include proposals in a future report to Audit Committee.		
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	Action is currently being taken to improve arrangements in this area. Each piece of consulting work is addressed on its own merits.	No change	There is scope to strengthen existing arrangements. Consideration will be given to developing a protocol for agreeing consulting engagements and assessing the cost/benefit position.	Internal Audit Manager	31/03/2015
b) Relative complexity and extent of work needed to achieve the engagement's objectives?	Partial	Arrangements are being made for more formal consideration and documentation of these matters	No change			
c) Cost of the consulting engagement in relation to potential benefits?	Partial		No change			

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1230 Continuing Professional Development						
Has the CAE defined the skills and competencies for each level of auditor?	Compliant	The competency framework has been refreshed and updated.	Changed from Partial to Compliant			
Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	Compliant	Weekly progress update and monthly 1-2-1 meetings are used to review performance. Evaluations are carried out by the Internal Audit Manager and Principal Auditor at six-monthly EDPA meetings, resulting in training/development plans which take account of continuing development needs.	Changed from Partial to Compliant			
Do internal auditors undertake a programme of continuing professional development?	Compliant		Changed from Partial to Compliant			
1300 Quality Assurance and Improvement Programme						
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?	Compliant	QAIP Developed and reported to Audit Committee Sept 2014	Changed from Non-Compliant to Compliant			
Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	Compliant		Changed from Non-Compliant to Compliant			
Does the CAE maintain the QAIP?	Compliant		Changed from Non-Compliant to Compliant			
1310 Requirements of the Quality Assurance and Improvement Programme						
Does the QAIP include both internal and external assessments?	Partial	The QAIP includes a commitment to both internal and external assessments, but the details of external assessments are yet to be finalised.	Changed from Non-Compliant to Partial	Arrangements for external assessments to continue to be developed and reported to Audit Committee.	Internal Audit Manager	21/01/2015
1311 Internal Assessments						
Do internal assessments include ongoing monitoring of the internal audit activity, such as:						
b) Periodic assessments for evaluating conformance with the PSIAS?	Compliant	Considered on an ongoing basis in team meetings and undertaken formally as part of the annual review	Changed from Partial to Compliant			
Does ongoing performance monitoring include comprehensive performance targets?	Partial	Current arrangements are still to be reviewed.	No change	Review again with reference to other LAs arrangements (using Lancashire Councils benchmarking information) and consult/report to Audit Committee in January 2015.	Internal Audit Manager	21/01/2015
Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	Partial					
Does the CAE measure, monitor and report on progress against these targets?	Partial					
Does ongoing performance monitoring include obtaining stakeholder feedback?	Compliant	Arrangements are now in place to invite managers' feedback on individual assignments.	Changed from Partial to Compliant			

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1312 External Assessments						
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 issue has been brought to the Audit Committee's attention and work is ongoing to consider options through the Lancashire District Councils Audit Group. This will consider the type of assessment and other potential sources of assessment.	No change	Conclude consideration of available options and report to Audit Committee	Internal Audit Manager	21/01/2015
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?	Partial	Expectations of external assessments will be reviewed and a case presented to Audit Committee for the preferred form/source of assessment.	Changed from Non-Compliant to Partial			
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?	Partial		Changed from Non-Compliant to Partial			
Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	N/A	Not yet reached this point	No change			
Has the assessor or assessment team demonstrated competence in both areas of professional practice of internal auditing and the external assessment process?	N/A	Not yet reached this point	No change			
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	Not yet reached this point	No change			
Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation?	N/A	Not yet reached this point	No change			
1320 Reporting on the Quality Assurance and Improvement Programme						
Has the CAE reported the results of the QAIP to senior management and the board?	Compliant	QAIP reported to Audit Committee in September 2014	Changed from Non-Compliant to Compliant			
Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	Compliant	QAIP reported to Audit Committee in September 2014. Results will be reported to management and Audit Committee in future annual reports.	Changed from Non-Compliant to Compliant			
1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'						
Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	Compliant	Covered by the QAIP reported to Audit Committee in September 2014	Changed from Non-Compliant to Compliant			
1322 Disclosure of Non-conformance						
Has the CAE reported any instances of non-conformance with the PSIAS to the board?	Compliant	Covered by the Review of Internal Audit reported to Audit Committee in September 2014	Changed from Non-Compliant to Compliant			
Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	Compliant		Changed from Non-Compliant to Compliant			

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Performance Standards						
2000 Managing the Internal Audit Activity						
2010 Planning						
Does the risk-based plan take into account the organisation's assurance framework?	Partial	Not progressed.	No change	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	31/03/2015
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?	Compliant	Covered by the 'Strategy Statement' incorporated into the Internal Audit Annual Plan.	Changed from Partial to Compliant			
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	No progressed significantly.	No change	Continue to consider ways in which the risk management framework can be developed with input from senior management and the Audit Committee.	Internal Audit Manager	31/03/2015
2030 Resource Management						
Does the risk-based plan explain how internal audit's resource requirements have been assessed?	Partial	Not progressed. The absence of a comprehensive corporate risk information source means that audit needs assessments start from a relatively low position.	No change	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	31/03/2015
2050 Coordination						
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 is being given to including assurance from other review activity (e.g. Health & Safety) into Internal Audit reports to Audit Committee.	No change	Any conclusions and proposals will be reported to Audit Committee as appropriate.	Internal Audit Manager	31/03/2015
Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	Partial		No change			
2100 Nature of Work						
2110 Governance						
Does the internal audit activity:						
b) Ensure effective organisational performance management and accountability?	Partial	Corporate arrangements for performance management continue to be developed.	No change	These issues will be considered in developing the next IA strategic and annual plans.	Internal Audit Manager	31/03/2015
c) Communicate risk and control information to appropriate areas of the organisation?	Partial	Internal Audit is routinely consulted in corporate developments in this area.	No change			
Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	Partial	Not progressed significantly.	No change	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	31/03/2015

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2120 Risk Management						
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	Not progressed. Developments in this area have been impacted by the extent of organisational change in recent years. These issues will be considered in developing the next IA strategic and annual plans.	No change	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	31/03/2015
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		No change			
2200 Engagement Planning						
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	Attention is being given to developing these as consultancy work is taken on during 2014/15	No change	Develop protocols and the level of consideration and documentation required when agreeing consulting engagements.	Internal Audit Manager	31/03/2015
For significant consulting engagements, has this understanding been documented?	Partial		No change			
2300 Performing the Engagement						
2330 Documenting Information						
Has the CAE developed and implemented retention requirements for all types of engagement records?	Compliant	The section's document retention policy is incorporated in the Internal Audit Manual	Changed from Non-Compliant to Compliant			
2400 Communicating Results						
2410 Criteria for Communicating						
If recommendations and an action plan have been included, are recommendations prioritised according to risk?	Partial	Recommendations are prioritised according to risk during report drafting phase. Final agreed actions are not prioritised.	Changed from Non-Compliant to Partial	We will review and reconsider our stance on this.	Internal Audit Manager	31/03/2015
If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?	Compliant	This has been put in place regarding audit work undertaken on behalf of the Lake District National Park, as part of that organisation's Audit Charter	Changed from N/A to Compliant			
2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'						
Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	N/A	There is no intention to use the statement at engagement level	Changed from Non-Compliant to N/A			
2450 Overall Opinion						
Does the annual report incorporate the following:						
h) The results of the QAIP?	Compliant	These have been included in the report on the annual Review of Internal Audit Effectiveness submitted to Audit Committee on 17th September 2014. In future, these matters will be covered in the Internal Audit Manager's Annual Report.	Changed from Non-Compliant to Compliant			
i) Progress against any improvement plans resulting from the QAIP?	Compliant		Changed from N/A to Compliant			
j) A summary of the performance of the internal audit activity against its performance measures and targets?	Partial		Changed from N/A to Partial	Continue to consider ways of developing performance management	Internal Audit Manager	31/03/2015