

Conformance with the Standard	Current Assessment	Update	Review Aug 2015	Action Required	By Whom	By When
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	Introduce arrangements for: a) Regular meetings between the Chief Executive and Internal Audit Manager; b) Consulting the Chairman of Audit Committee on the Internal Audit Manager's performance.	Internal Audit Manager	31/03/2016
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						
1220 Due Professional Care						
Do internal auditors exercise due professional care by considering the:						
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.	No change	This is being considered in an ongoing service review of Internal Audit. Proposals for improving information on IA costs overall and the costs/benefits surrounding assurance will be developed and reported to the Audit Committee	Internal Audit Manager	20/01/2016
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?	Compliant	Action has been taken to improve arrangements in these areas. Each piece of consulting work is addressed on its own merits and scope/objectives formally agreed.	Changed from Partial to Compliant			
b) Relative complexity and extent of work needed to achieve the engagement's objectives?	Compliant					
c) Cost of the consulting engagement in relation to potential benefits?	Partial	Not progressed	No change	Costing for audit services is being considered in an ongoing service review of Internal Audit. Proposals for improving information on IA costs overall and the costs/benefits surrounding assurance will be developed and reported to the Audit Committee	Internal Audit Manager	20/01/2016
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.	No change	Arrangements for external assessments to continue to be developed and reported to Audit Committee.	Internal Audit Manager	20/01/2016

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1311 Internal Assessments						
Do internal assessments include ongoing monitoring of the internal audit activity, such as:						
Does ongoing performance monitoring include comprehensive performance targets?	Partial	Current arrangements are still to be reviewed.	No change	To be covered in the ongoing service review, with reference to arrangements in other local authorities (using Lancashire Councils benchmarking information) and consult/report to Audit Committee in January 2016.	Internal Audit Manager	20/01/2016
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					
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 - aiming to report to the meeting on 20th January 2016	Internal Audit Manager	20/01/2016
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.				
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					
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			

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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	Proposals for defining and reporting on a corporate Assurance Framework are currently being developed.	No change	Proposals surrounding the corporate Assurance Framework to be agreed with Management Team and the Audit Committee.	Internal Audit Manager	31/03/2016
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	Not progressed significantly.	No change	As above	As above	As above
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	Current and future Internal Audit needs are being assessed as part of an ongoing service review.	Internal Audit Manager	31/12/2015
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	Proposals for defining and reporting on a corporate Assurance Framework are currently being developed.	No change	Proposals surrounding the corporate Assurance Framework to be agreed with Management Team and the Audit Committee.	Internal Audit Manager	31/03/2016
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. Internal Audit is routinely consulted in corporate developments in this area.	No change	These issues are being considered in an ongoing review of Internal Audit's positioning and service offer and will be continue to be considered in developing future IA strategic and annual plans.	Internal Audit Manager	31/03/2016
c) Communicate risk and control information to appropriate areas of the organisation?	Partial		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	Proposals to provide the capacity to address known issues regarding information governance are being progressed. These are being developed and implemented in close liaison with the CO(Resources) and ICT Manager.	Internal Audit Manager	31/03/2016

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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	Arrangements corporately to determine risk appetite and to manage risk are being considered in the development of an Assurance Framework for the Council.	No change	Proposals surrounding the corporate Assurance Framework to be agreed with Management Team and the Audit Committee.	Internal Audit Manager	31/03/2016
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 2015/16. No new opportunities have arisen to date.	No change	Develop protocols and the level of consideration and documentation required when agreeing consulting engagements.	Internal Audit Manager	31/03/2016
For significant consulting engagements, has this understanding been documented?	Partial		No change			
2400 Communicating Results						
2410 Criteria for Communicating						
If recommendations and an action plan have been included, are recommendations prioritised according to risk?	Compliant	Recommendations are prioritised according to risk during report drafting phase. Final agreed actions are not prioritised.	Changed from Partial 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 ' <i>conducted in conformance with the PSIAS</i> ' only if the results of the QAIP support such a statement?	N/A	There is no intention to use the statement at engagement level	No change			
2450 Overall Opinion						
Does the annual report incorporate the following:						
j) A summary of the performance of the internal audit activity against its performance measures and targets?	Partial	Not progressed significantly	No change	Continue to consider ways of developing performance management	Internal Audit Manager	31/03/2016