

**Local Government Application Note 2019**  
**Checklist for Assessing Conformance with the PSIAS**

**Standard 1000 – Purpose, Authority and Responsibility**

The questions in this section seek to confirm that the purpose, authority and responsibility of the internal audit activity have been properly defined consistent with the PSIAS, formally approved in an internal audit charter and periodically reviewed.

Questions to consider			Audit Charter - Evidence / Comments
<p>Does the internal audit charter conform with the PSIAS by including a formal definition of:</p> <ul style="list-style-type: none"> <li>• the purpose</li> <li>• the authority, and</li> <li>• the responsibility</li> </ul> <p>of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?</p>			<p>In place.</p> <ul style="list-style-type: none"> <li>• Purpose is included in the '<i>Definition, Objective and Scope of Internal Audit</i>' section</li> <li>• Authority is included in the '<i>Authority</i>' section</li> <li>• Responsibility is included in the '<i>Responsibility</i>' section.</li> </ul> <p>Wording and definitions are consistent with the PSIAS.</p>
CONFORMS	PARTIAL	NOT CONFORMING	
<p>Does the internal audit charter conform with the PSIAS by clearly and appropriately defining the terms 'board' and 'senior management' for the purposes of the internal audit activity?</p> <p>Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.</p>			<p>In place.</p> <ul style="list-style-type: none"> <li>• In the '<i>Responsibility</i>' section, the role of the Board is stated as being delivered by the Audit Committee.</li> <li>• In the same paragraph as a point of additional clarity 'senior management' is defined as representing members of the Senior Management Team.</li> </ul>
CONFORMS	PARTIAL	NOT CONFORMING	

Does the internal audit charter also:

- Set out the internal audit activity's position within the organisation?
- Establish the chief audit executive's (CAE) functional reporting relationship with the board?
- Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively? Where applicable, this will need to encompass shared service or external providers of internal audit, and the role of the contract manager.
- Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit?
- Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?
- Define the scope of internal audit activities?
- Recognise that internal audit's remit extends to the entire control environment of the organisation?
- Establish the organisational independence of internal audit?
- Cover the arrangements for appropriate resourcing?
- Define the role of internal audit in any fraud-related work?

In place.

- Internal Audit reports to the Head of Finance (Deputy Section 151 Officer), as defined in the section on '*Organisation*'.
- The Internal Audit functional reporting to Audit Committee is included in the section of '*Organisation*'.
- As above, the administrative reporting line from Internal Audit to the Head of Finance is established. Accountability is in line with standard HR Council processes. Specific Audit Manager responsibilities are included throughout the Audit Charter in meeting the requirements of the PSIAS.
- The Audit Committee (Board) has a clear terms of reference. The Corporate Director Resources (Section 151 Officer) is the senior officer responsible for overseeing the Internal Audit Team, as included in the section on '*Resources*'.
- Rights of access are included in the section on '*Authority*'.
- Included in the section on 'Definition, Objective and Scope'.
- The section on 'Definition, Objective and Scope' has been expanded to include this explicit statement
- This is included in the section on '*Independence and Objectivity*'.
- Included in with particular reference in the section on '*Internal Audit Plan*', the '*Core Principles*'. Supported by the Audit Committee Terms of Reference.
- The section on 'Responsibility' has been expanded to reference the specific role.

<ul style="list-style-type: none"> <li>• 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?</li> <li>• Include arrangements for avoiding conflicts of interest if internal audit or the CAE undertakes non-audit activities?</li> <li>• Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?</li> <li>• Define the nature of consulting services?</li> <li>• Recognise the mandatory nature of the PSIAS?</li> </ul>			<ul style="list-style-type: none"> <li>• The section on ‘Organisation’ has been expanded to reference this.</li> <li>• Not applicable. The Audit Manager is not responsible for managing any functions other than the Internal Audit and Investigations Teams.</li> <li>• The nature of services is defined in the ‘responsibility’ section.</li> <li>• Consulting services are defined as ‘advisory’ in line with the PSIAS definition</li> <li>• This is included in the section on ‘<i>Role and Professionalism</i>’.</li> </ul>
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Does the CAE periodically review the internal audit charter and present it to senior management and the board for approval?			<p>In place.</p> <ul style="list-style-type: none"> <li>• The Audit Charter is reviewed on at least an annual basis, shared and discussed with Senior Management, and presented to Audit Committee for approval.</li> </ul>
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