

INTERNAL AUDIT STANDARDS & QUALITY IMPROVEMENT ACTION PLAN

November 2025



HILLINGDON
LONDON

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1. INTRODUCTION

In January 2024 the Global Institute of Internal Audit (GIIA) published new Professional Standards for Internal Auditors. The Standards became globally effective from 9 January 2025 and replaced the International Professional Practice Framework, which was the basis for the UK Public Sector Internal Auditing Standards. From the 1 April 2025 Auditors working in the UK public sector were also required to follow the new Global Internal Audit Standards, subject to the interpretations and additional requirements set out in a CIPFA Application Note.

The Standards are organised into five domains:

- Domain I: Purpose of Internal Auditing.
- Domain II: Ethics and Professionalism.
- Domain III: Governing the Internal Audit Function.
- Domain IV: Managing the Internal Audit Function.
- Domain V: Performing Internal Audit Services.

3. DOMAIN I & ESSENTIAL CONDITIONS

The Audit Committee and Corporate Management Team (CMT) are essential to support Internal Audit's ability to meet the Purpose of Internal Auditing. Therefore, the Standards include a range of obligations under *Domain III: Governing the Internal Audit Function* for the Audit Committee and CMT to fulfil when overseeing and directing internal audit. These are referred to as "Essential Conditions" and listed in Appendix A below.

The Standards state the HIA must discuss the Essential Conditions at least annually with the Audit Committee and CMT. This must also cover the following points required by the Standards:

- The Purpose of Internal Auditing as articulated in *Domain I: Purpose of Internal Auditing*.
- The Essential Conditions outlined under each of the standards in *Domain III: Governing the Internal Audit Function*.
- The potential impact on the effectiveness of the internal audit function if the Audit Committee or CMT does not provide the support outlined in the essential conditions.

As there are many Essential Conditions these have been listed separately in Appendix A. However, the Purpose of Internal Auditing as articulated in *Domain I: Purpose of Internal Auditing* is highlighted below:

Domain I: Purpose of Internal Auditing

Internal auditing strengthens the organisation's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organisation's:

- *Successful achievement of its objectives.*
- *Governance, risk management, and control processes.*
- *Decision-making and oversight.*
- *Reputation and credibility with its stakeholders.*
- *Ability to serve the public interest.*

Internal auditing is most effective when:

- *It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.*
- *The internal audit function is independently positioned with direct accountability to the board.*
- *Internal auditors are free from undue influence and committed to making objective assessments.*

The Essential Conditions require the Audit Committee to have significantly more operational oversight in relation to Internal Audit than previously held. This will need to be reflected in the Committee's Terms of Reference, and proposed wording has been included in Appendix D. Where the Audit Committee or CMT cannot, or will not, agree to implement any Essential Condition, the HIA must document these decisions and set out the impact on the work of the internal audit service.

2. COMPLIANCE WITH THE STANDARDS

The Head of Internal Audit and Risk Assurance (HIA) completed an initial self-assessment against the standards in November 2024 to ensure any significant areas for improvement were addressed in advance of the implementation date. Actions already taken include reviewing the Internal Audit Charter to ensure it is consistent with the best practice template and includes the key information required by the Standards, and updating the Internal Audit Strategy.

The standards require the HIA to undertake an annual review of compliance, therefore a more detailed assessment has been completed in October 2025. A summary of the current compliance is outlined in Appendix B. As the standards are new it is difficult to justify a fully compliant rating some areas because there is limited evidence in place to show the requirements are embedded yet. Overall, the HIA is comfortable with an overall rating of 'Generally Achieved' across the five Domains, with three principles 'Fully Achieved' and one Partially Achieved. There were no significant areas of improvement identified, and any improvement actions have been developed into a Quality Improvement Action Plan summarised in section 5 below.

As a Public Sector organisation in the UK the Council must also comply with the CIPFA Application Note in relation to the Global Internal Audit Standards. This adapts the Global Internal Audit Standards where necessary to align with wider UK Public Sector requirements. The HIA has also completed an annual self-assessment against the application note, summarised in Appendix C. Overall six of the requirements are 'Fully Achieved' and eight are 'Generally Achieved'.

4. OTHER AREAS CONSIDERED

As part of this annual self-assessment the following areas were also considered:

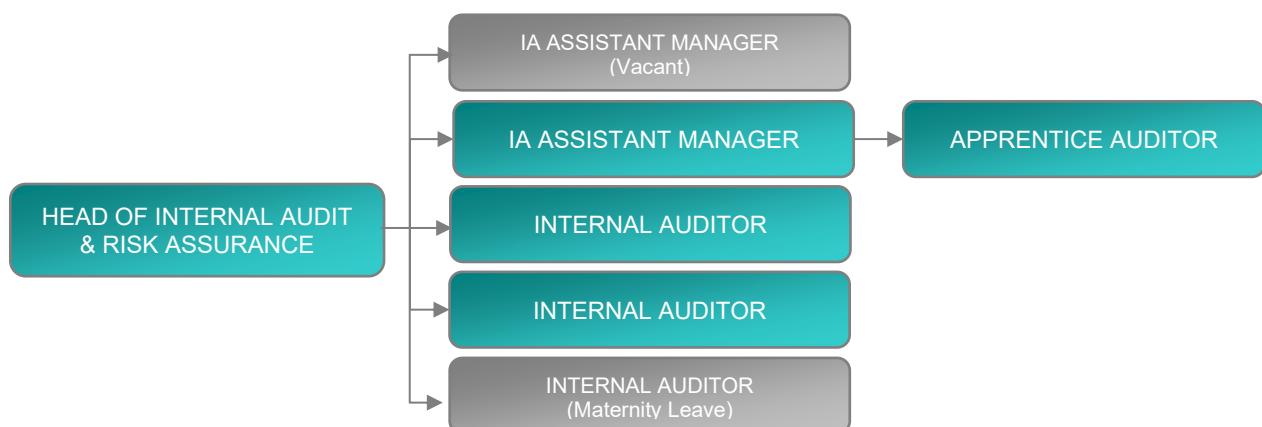
Benchmarking Data

In June 2025 the London Audit Group undertook a benchmarking exercise to compare Internal Audit services from across the London Boroughs. This included reviewing reporting lines, staffing structures, additional responsibilities and service budgets. Overall, the Hillingdon Council team had the second lowest day rate, providing an above average level of reviews with a below average budget. We also had the highest percentage of risk-based reviews, providing value for money by focusing on tailored reviews into key risk areas rather than undertaking standard compliance-based reviews.

The benchmarking also covered some of the key risk areas identified across the London Boroughs. All four ideas identified (Housing Compliance, Contract Management, Capital Projects & Transformation) have already been covered by the Hillingdon Internal Audit service. This also provides assurance the team have not missed potential risk areas identified in other Boroughs.

Resourcing

During 2025/26 the capacity within the in-house IA team decreased as one Internal Auditor was on Maternity Leave and we were unsuccessful recruiting a replacement Assistant Manager.



The IA Plan was revised during the year to prioritise reviews where necessary in line with the available resources, and to ensure there was sufficient coverage for the Annual Opinion without the need to use additional external resources.

We are confident that there will be sufficient IA resources available to meet the skills and resource requirements needed to complete the 2025/26 IA Plan and deliver the 2026/27 IA Plan. The HIA will continue to monitor the capacity within the team and will look to recruit into vacant positions during 2026/27.

The IA Team also continue to focus on training and development, taking into consideration the limited training budget available. We are currently prioritising Internal Audit qualifications and undertaking internal peer to peer training through team meetings. In particular, we will also seek opportunities to develop our digital skills and experience to allow us to automate our own processes and provide greater assurance in relation to Council wide systems and technology.

Staff Survey Results

A Council-wide staff survey was completed in June 2025. Due to the small size of the IA team their results are consolidated with the larger Counter Fraud Team to ensure individual responses could not be identified. The results from the survey were very positive with 100% positive scores for the following four questions:

- I am treated with dignity and respect by my line manager/supervisor
- My line manager/supervisor trusts me to make decisions about my work
- I understand how my role contributes to the performance of my service
- I can rely on my line manager/supervisor to be there for me if I need help or support

There were no significant areas of concern identified through the survey however the lowest scoring questions have been discussed as part of an IA team meeting and actions put in place to improve these areas. In particular, the HIA will look for opportunities for more junior members of the team to engage with the Corporate Management Team and the wider Finance Directorate, and to raise the profile of the Internal Audit service.

5. QUALITY IMPROVEMENT ACTION PLAN SUMMARY

The Internal Audit Team are continuously seeking to improve their performance, including improving their compliance with the Global Internal Audit Standards. Following this self-assessment they have identified the following key actions for 2026/27, which will be monitored through the IA monthly team meetings and reported annually to the Audit Committee:

- In 2026/27 the IA Team will look to increase their use of technology and automation to improve efficiency and performance monitoring data available. This includes embedding the newly developed automated follow up process, and developing a monitoring dashboard to provide the Corporate Management Team with greater oversight of the recommendations implemented and the IA work completed.
- Undertake a review of the Audit Committee Terms of Reference and suggest any necessary updates to ensure they reflect the Essential Conditions outlined in Appendix A. This review has been completed, and proposed changes have been attached in Appendix D.
- Update the IA Team capacity plan as part of 2026/27 annual planning process and consider whether the level of resources is sufficient to provide an effective IA service. If necessary, consider alternative recruitment or training options to increase capacity and skills within the team. In particular, the key skills in relation to technology and data analytics.
- Implement more formal record keeping in relation to team training to improve the level of evidence available for the self-assessment, and update the IA team competency framework and job descriptions in line with the updated guidance from the IIA and CIPFA.
- Review the Internal Audit Manual to ensure it is consistent with the Global Internal Audit Standards and includes sufficient detail on the key areas outlined within the standards. In particular, develop clear guidance and training in relation to root cause analysis.

APPENDIX A: CMT & AUDIT COMMITTEE ESSENTIAL CONDITIONS

STANDARD 6.1 INTERNAL AUDIT MANDATE

Audit Committee:

- Discuss with the HIA and CMT the appropriate authority, role, and responsibilities of the internal audit function.
- Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.

Corporate Management Team:

- Participate in discussions with the Audit Committee and HIA and provide input on expectations for the internal audit function that the Audit Committee should consider when establishing the internal audit mandate.
- Support the internal audit mandate throughout the organisation and promote the authority granted to the internal audit function.

STANDARD 6.2 INTERNAL AUDIT CHARTER

Audit Committee:

- Discuss with the HIA and CMT other topics that should be included in the internal audit charter to enable an effective internal audit function.
- Approve the internal audit charter.
- Review the internal audit charter with the HIA to consider changes affecting the organisation, such as the employment of a new HIA or changes in the type, severity, and interdependencies of risks to the organisation.

Corporate Management Team:

- Communicate with the Audit Committee and HIA about management's expectations that should be considered for inclusion in the internal audit charter.

STANDARD 6.3 AUDIT COMMITTEE AND CMT SUPPORT

Audit Committee:

- Champion the internal audit function to enable it to fulfil the Purpose of Internal Auditing and pursue its strategy and objectives.
- Work with the CMT to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfil the internal audit mandate.
- Support the HIA through regular, direct communications.
- Demonstrate support by:
 - Specifying that the HIA reports to a level within the organisation that allows the internal audit function to fulfil the internal audit mandate.
 - Approving the internal audit charter, internal audit plan, budget, and resource plan.
 - Making appropriate inquiries of CMT and the HIA to determine whether any restrictions on the internal audit function's scope, access, authority, or resources limit the function's ability to carry out its responsibilities effectively.
 - Meeting periodically with the HIA in sessions without CMT present.

Corporate Management Team:

- Support recognition of the internal audit function throughout the organisation.
- Work with the Audit Committee and management throughout the organisation to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfil the internal audit mandate.

STANDARD 7.1 ORGANISATIONAL INDEPENDENCE

Audit Committee:

- Establish a direct reporting relationship with the HIA and the internal audit function to enable the internal audit function to fulfil its mandate.
- Authorize the appointment and removal of the HIA.
- Provide input to CMT to support the performance evaluation and remuneration of the HIA.
- Provide the HIA with opportunities to discuss significant and sensitive matters with the Audit Committee, including meetings without CMT present.
- Require that the HIA be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management. This positioning provides the organizational authority and status to bring matters directly to CMT and escalate matters to the Audit Committee when necessary.
- Acknowledge the actual or potential impairments to the internal audit function's independence when approving roles or responsibilities for the HIA that are beyond the scope of internal auditing.

- Engage with CMT and the HIA to establish appropriate safeguards if HIA roles and responsibilities impair or appear to impair the internal audit function's independence. Engage with CMT to ensure that the internal audit function is free from interference when determining its scope, performing internal audit engagements, and communicating results

Corporate Management Team:

- Position the internal audit function at a level within the organisation that enables it to perform its services and responsibilities without interference, as directed by the Audit Committee.
- Recognise the HIA's direct reporting relationship with the Audit Committee.
- Engage with the Audit Committee and the HIA to understand any potential impairments to the internal audit function's independence caused by non-audit roles or other circumstances and support the implementation of appropriate safeguards to manage such impairments.
- Provide input to the Audit Committee on the appointment and removal of the HIA.
- Solicit input from the Audit Committee on the performance evaluation and remuneration of the HIA

STANDARD 7.2 HIA QUALIFICATIONS

Audit Committee:

- Review the requirements necessary for the HIA to manage the internal audit function, as described in Domain IV: Managing the Internal Audit Function.
- Approve the HIA's roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.
- Engage with CMT to appoint a HIA with the qualifications and competencies necessary to manage the internal audit function effectively and ensure the quality performance of internal audit services.

Corporate Management Team:

- Engage with the Audit Committee to determine the HIA qualifications, experience, and competencies.
- Enable the appointment, development, and remuneration of the HIA through the organisation's human resources processes.

STANDARD 8.1 AUDIT COMMITTEE INTERACTION

Audit Committee:

- Communicate with the HIA to understand how the internal audit function is fulfilling its mandate.
- Communicate the Audit Committee's perspective on the organization's strategies, objectives, and risks to assist the HIA with determining internal audit priorities.
- Set expectations with the HIA for: The frequency with which the Audit Committee wants to receive communications from the HIA.
- The criteria for determining which issues should be escalated to the Audit Committee, such as significant risks that exceed the Audit Committee's risk tolerance.
- The process for escalating matters of importance to the Audit Committee.
- Gain an understanding of the effectiveness of the organisation's governance, risk management, and control processes based on the results of internal audit engagements and discussions with CMT.
- Discuss with the HIA disagreements with CMT or other stakeholders and provide support as necessary to enable the HIA to perform the responsibilities outlined in the internal audit mandate.

Corporate Management Team:

- Communicate senior management's perspective on the organization's strategies, objectives, and risks to assist the HIA with determining internal audit priorities.
- Assist the Audit Committee in understanding the effectiveness of the organization's governance, risk management, and control processes.
- Work with the Audit Committee and the HIA on the process for escalating matters of importance to the Audit Committee.

STANDARD 8.2 RESOURCES

- Collaborate with CMT to provide the internal audit function with sufficient resources to fulfil the internal audit mandate and achieve the internal audit plan.
- Discuss with the HIA, at least annually, the sufficiency, both in numbers and capabilities, of internal audit resources to fulfil the internal audit mandate and achieve the internal audit plan.
- Consider the impact of insufficient resources on the internal audit mandate and plan.
- Engage with CMT and the HIA on remedying the situation if the resources are determined to be insufficient.

Corporate Management Team:

- Engage with the Audit Committee to provide the internal audit function with sufficient resources to fulfil the internal audit mandate and achieve the internal audit plan.

- Engage with the Audit Committee and the HIA on any issues of insufficient resources and how to remedy the situation.

STANDARD 8.3 QUALITY

- Discuss with the HIA the quality assurance and improvement program, as outlined in Domain IV: Managing the Internal Audit Function.
- Approve the internal audit function's performance objectives at least annually.
- Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes: Reviewing the internal audit function's performance objectives, including its conformance with the Standards, laws and regulations; ability to meet the internal audit mandate; and progress towards completion of the internal audit plan.
- Considering the results of the internal audit function's quality assurance and improvement program.
- Determining the extent to which the internal audit function's performance objectives are being met.

Corporate Management Team:

- Provide input on the internal audit function's performance objectives.
- Participate with the Audit Committee in an annual assessment of the HIA and internal audit function.

STANDARD 8.4 EXTERNAL QUALITY ASSESSMENT

- Discuss with the HIA the plans to have an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.
- Collaborate with CMT and the HIA to determine the scope and frequency of the external quality assessment.
- Consider the responsibilities and regulatory requirements of the internal audit function and the HIA, as described in the internal audit charter, when defining the scope of the external quality assessment.
- Review and approve the HIA's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
 - The scope and frequency of assessments.
 - The competencies and independence of the external assessor or assessment team.
 - The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.
- Require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor.
- Review and approve the HIA's action plans to address identified deficiencies and opportunities for improvement, if applicable.
- Approve a timeline for completion of the action plans and monitor the HIA's progress.

Corporate Management Team:

- Collaborate with the Audit Committee and the HIA to determine the scope and frequency of the external quality assessment.
- Review the results of the external quality assessment, collaborate with the HIA and Audit Committee to agree on action plans that address identified deficiencies and opportunities for improvement, if applicable, and agree on a timeline for completion of the action plans.

APPENDIX B: IIA GLOBAL STANDARDS

The HIA has assessed the Council's current compliance with the Global Internal Audit Standards using the following grading:

F	Fully Achieved - No changes required to meet the standard
G	Generally Achieved - Small actions required
P	Partially Achieved - Area of improvement required.
N	Not Achieved - Will be addressed by developing an action plan.
N/A	Not Applicable

SUMMARY OF REQUIREMENTS	
Domain I: Purpose of Internal Auditing	G
Domain II: Ethics and Professionalism	G
Principle 1 Demonstrate Integrity	F
<ul style="list-style-type: none"> Standard 1.1: Internal auditors must perform their work with honesty and professional courage. Standard 1.2: Internal auditors must understand, respect, meet, and contribute to legitimate and ethical expectations of the organisation. Standard 1.3: Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organisation or the profession of internal auditing that may harm the organisation or its employees. 	F F G
Principle 2 Maintain Objectivity	G
<ul style="list-style-type: none"> Standard 2.1: Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Standard 2.2: Internal auditors must recognise and avoid or mitigate actual, potential, and perceived impairments to objectivity. Standard 2.3: If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties. 	G G G
Principle 3 Demonstrate Competency	G
<ul style="list-style-type: none"> Standard 3.1: Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. Standard 3.2: Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. 	P G
Principle 4 Exercise Due Professional Care	G
<ul style="list-style-type: none"> Standard 4.1: Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards. Standard 4.2: Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided. Standard 4.3: Internal auditors must exercise professional scepticism when planning and performing internal audit services. 	F G G
Principle 5 Maintain Confidentiality	G
<ul style="list-style-type: none"> Standard 5.1: Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. Standard 5.2: Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for their confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships. 	G G
Domain III: Governing the Internal Audit Function	G
Principle 6 Authorised by the Audit Committee	F
<ul style="list-style-type: none"> Standard 6.1: The HIA must provide the Audit Committee and CMT with the information necessary to establish the internal audit mandate. Standard 6.2: The HIA must develop and maintain an internal audit charter that specifies the internal audit functions. 	F F

<ul style="list-style-type: none"> Standard 6.3: The HIA must provide the Audit Committee and CMT with the information needed to support and promote recognition of the internal audit function throughout the organisation. 	F
Principle 7 Positioned Independently	P
<ul style="list-style-type: none"> Standard 7.1: The HIA must confirm to the Audit Committee the organisational independence of the internal audit function at least annually. 	G
<ul style="list-style-type: none"> Standard 7.2: The HIA must help the Audit Committee understand the qualifications and competencies of a HIA that are necessary to manage the internal audit function. 	P
Principle 8 Overseen by the Audit Committee	G
<ul style="list-style-type: none"> Standard 8.1: The HIA must provide the Audit Committee with the information needed to conduct its oversight responsibilities. 	G
<ul style="list-style-type: none"> Standard 8.2: The HIA must evaluate whether internal audit resources are sufficient to fulfil the internal audit mandate and achieve the internal audit plan. 	G
<ul style="list-style-type: none"> Standard 8.3: The HIA must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. 	G
<ul style="list-style-type: none"> Standard 8.4: The HIA must develop a plan for an external quality assessment and discuss the plan with the Audit Committee. 	G
Domain IV: Managing the Internal Audit Function	G
Principle 9 Plan Strategically	G
<ul style="list-style-type: none"> Standard 9.1: To develop an effective internal audit strategy and plan, the HIA must understand the organisation's governance, risk management, and control processes. 	G
<ul style="list-style-type: none"> Standard 9.2: The HIA must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation and aligns with the expectations of the Audit Committee, CMT, and other key stakeholders. 	F
<ul style="list-style-type: none"> Standard 9.3: The HIA must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the standards. 	F
<ul style="list-style-type: none"> Standard 9.4: The HIA must create an internal audit plan that supports the achievement of the organisation's objectives. 	G
<ul style="list-style-type: none"> Standard 9.5: The HIA must coordinate with internal and external providers of assurance services and consider relying upon their work. 	P
Principle 10 Manage Resources	G
<ul style="list-style-type: none"> Standard 10.1: The HIA must manage the internal audit function's financial resources. 	F
<ul style="list-style-type: none"> Standard 10.2: The HIA must establish an approach to recruit, develop, and retain internal auditors who are qualified to successfully implement the internal audit strategy and achieve the internal audit plan. 	G
<ul style="list-style-type: none"> Standard 10.3: The HIA must strive to ensure that the internal audit function has technology to support the internal audit process. 	P
Principle 11 Communicate Effectively	G
<ul style="list-style-type: none"> Standard 11.1: The HIA must develop an approach for the internal audit function to build relationships and trust with key stakeholders. 	G
<ul style="list-style-type: none"> Standard 11.2: The HIA must establish and implement methodologies to promote accurate, objective, clear, concise, constructive, complete and timely internal audit communications. 	F
<ul style="list-style-type: none"> Standard 11.3: The HIA must communicate the result of internal audit services to the Audit Committee and CMT periodically and for each engagement as appropriate. 	F
<ul style="list-style-type: none"> Standard 11.4: If a final engagement communication contains a significant error or omission, the HIA must communicate corrected information promptly to all parties who received the original communication. 	N/A
<ul style="list-style-type: none"> Standard 11.5: The HIA must communicate unacceptable levels of risk. 	G
Principle 12 Enhance Quality	G
<ul style="list-style-type: none"> Standard 12.1: The HIA must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress towards performance objectives. 	F
<ul style="list-style-type: none"> Standard 12.2: The HIA must develop objectives to evaluate the internal audit function's performance. 	F
<ul style="list-style-type: none"> Standard 12.3: The HIA must establish and implement methodologies for engagement supervision, quality assurance, and the development of competencies. 	G

Domain V: Performing Internal Audit Services		G
Principle 13 Plan Engagements Effectively		G
• Standard 13.1: Internal auditors must communicate effectively throughout the engagement.		F
• Standard 13.2: Internal auditors must develop an understanding of the activity under review to assess the relevant risks.		G
• Standard 13.3: Internal auditors must establish and document the objectives and scope for each engagement.		F
• Standard 13.4: Internal auditors must identify the most relevant criteria to be used to evaluate aspects of the activity under review defined in the engagement objectives and scope.		G
• Standard 13.5: When planning an engagement, internal auditors must identify the types and quantity of resources necessary to achieve the engagement objectives.		F
• Standard 13.6: Internal auditors must develop and document an engagement work program to achieve the engagement objectives.		G
Principle 14 Conduct Engagement Work		G
• Standard 14.1: To perform analyses and evaluations, internal auditors must gather relevant and reliable information.		G
• Standard 14.2: Internal auditors must analyse relevant, reliable, and sufficient information to develop potential engagement findings.		G
• Standard 14.3: Internal auditors must evaluate each potential engagement finding to determine its significance.		G
• Standard 14.4: Internal auditors must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions.		G
• Standard 14.5: Internal auditors must develop an engagement conclusion that summarises the engagement results relative to the engagement objectives and management's objectives.		G
• Standard 14.6: Internal auditors must document information and evidence to support the engagement results.		G
Principle 15 Communicate Engagement Results and Monitor Action Plans		F
• Standard 15.1: For each engagement, internal auditors must develop a final communication that included the engagement's objectives, scope, recommendations and/or action plans, and conclusions.		F
• Standard 15.2: Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology.		F

APPENDIX C: CIPFA APPLICATION NOTE

Application Note Topic	Assessment	GIAS Standard the Application Note relates to
Ethics and standards in public life	Fully achieved	1.2 - Organisation's ethical expectations
Handling information	Generally achieved	2.5 - Protection of information
Value for Money	Generally achieved	9.1 - Understanding Governance, risk management and control processes
Value for money	Generally achieved	13.4 - Evaluation criteria
The role of regulators	Generally achieved	9.5 - Coordination and reliance
Resources	Generally achieved	6.3 - Board and senior management support
Resources	Generally achieved	8.2 - Resources
Resources	Fully achieved	10.1 - Financial resource management
Resources	Generally achieved	10.2 - Human resources management
Resources	Generally achieved	10.3 - Technological resources
Overall conclusion and annual reporting	Fully achieved	11.3 - Communicating results
Overall conclusion and annual reporting	Fully achieved	12.1 - Internal quality assessment
Chief audit executive qualifications	Fully achieved	7.2 - Chief audit executive qualifications
Selecting independent assessors	Fully achieved	8.4 - External Quality Assessment

APPENDIX D: AUDIT COMMITTEE TERMS OF REFERENCE

If the Audit Committee chooses to comply with the Essential Conditions listed in the Global Internal Audit Standards the HIA proposes the following changes to the Internal Audit section of the Audit Committee Terms of Reference. Two sessions have been removed as they could be perceived as limiting the independence of the IA service, and three sections have been added to summarise the additional requirements from the essential conditions. If accepted, these changes will need to be reviewed against the wider Constitution and Cabinet Member Delegations to ensure there are no conflicts and will need to be formally approved as part of the next updates to the Constitution.

Internal Audit

- 1) Review and approve (but not direct) the Internal Audit Strategy, Internal Audit Charter and Internal Audit Mandate to ensure they meet the Council's overall strategic direction.
- 2) Review, approve and monitor (but not direct) Internal Audit's planned programmes of work, paying particular attention to whether there is sufficient and appropriate coverage.
- 3) Establish a direct reporting relationship with the Head of Internal Audit and work with the Corporate Management Team to ensure Internal Audit can perform without interference from management and has unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfil the internal audit mandate.
- 4) Through quarterly Internal Audit summary reports of work done, monitor progress against the Internal Audit Plan and assess whether adequate skills and resources are available to provide an effective Internal Audit function. Monitor the main Internal Audit recommendations and consider whether management responses to the recommendations raised are appropriate with due regard to risk, materiality and coverage.
- 5) Make recommendations to the Leader of the Council and Cabinet Member for Finance on any changes to the Council's Internal Audit Strategy ~~and plans~~.
- 6) Review the Annual Report and Opinion Statement and the level of assurance this provides over the Council's corporate governance arrangements, risk management framework and system of internal controls.
- 7) Discuss with the HIA the quality assurance and improvement program and agree the plan and scope of any external quality assessment. Consider reports dealing with the activity, management and performance of internal audit services ~~and approve the HIA's action plans to address any areas of improvement~~.
- 8) ~~Following a request to the Corporate Director of Finance and, subject to the approval of the Leader of the Council or Cabinet Member for Finance, to request work from Internal Audit~~.
- 9) To be fully consulted on any recruitment, appointment or dismissal of the HIA and provide input to CMT in relation to their reporting lines, and performance evaluation. If necessary, collaborate with CMT to establish appropriate safeguards if HIA roles and responsibilities impair, or appear to impair, the internal audit function's independence.