



STAFFORDSHIRE
moorlands
DISTRICT COUNCIL

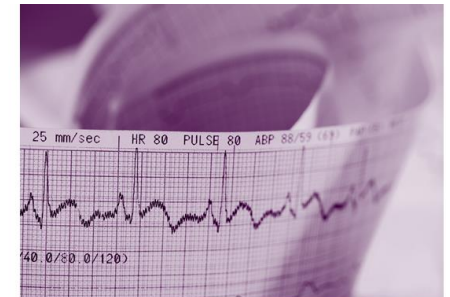
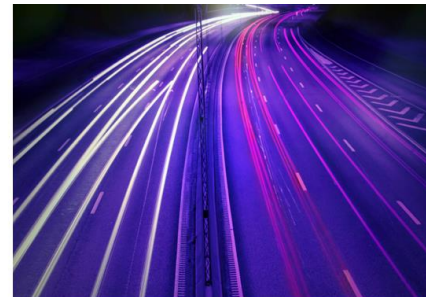


High Peak Borough Council
working for our community

External Quality Assessment

Internal Audit Shared Services

Executive report – December 2022



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External Quality Assessment

Staffordshire Moorlands DC and High Peak BC

**BUSINESS
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Opinion: The Internal Audit Service is delivering to a standard that **generally conforms** with the Public Sector Internal Audit Standards.

Key matters arising from the review:

- Increasing integration of the use by internal audit of risk-based techniques with the risk appetite of the Councils particularly in terms of planning at a strategic and engagement level would be mutually beneficial,
- Ensuring clear logic within the use of inherent and residual risk assessments through working papers for each assignment to focus on agreed management objectives, significant risks and relevant key controls that will support the content of the assurance provided in the final audit report would enhance the focus of engagements.
- Consideration should be given to increasing the prominence of the basis for expressing internal audit recommendations and opinions in line with risk impact definitions recognised by the Council within the Risk Management Policy within all aspects of the internal audit process
- Review the narrative used within the Annual Opinion in the Head of Internal Audit Annual Report to reflect the strategic planning process and therefore the knowledge of both significant risks and other sources of assurance that are available and upon which reliance has been placed.

Good Practice identified during the review

- An Internal Audit Charter setting out the role and responsibilities of Internal Audit within the Councils guides delivery and establishes the basis of the Head of Internal Audit's Annual Opinion.
- The service has developed a documented internal audit methodology and supporting templates that delivers a consistent risk-based service.
- Self-assessment identifies areas in which future development will be beneficial and is based upon the development of job descriptions, performance appraisals, the establishment of a training needs and client feedback.
- Routine reporting informs clients and the Audit Committee regarding progress and completion of the internal audit plan, findings and the follow up of recommendations.

Executive summary

Internal Audit Services are delivered by a shared in-house team . Services are managed by John Leak as Head of Audit, who assumes the role of Chief Audit Executive (CAE) for the purposes of this review.

The service has responded to the changes of focus in professional standards by developing a risk based approach with regard to planning and the completion of assignment work; the Internal Audit Manual has been updated in November 2022 to reflect the requirements of the Public Sector Internal Audit Standards (PSIAS) and align content to its current methodology.

From an internal audit perspective, considerable advantage is to be gained from increasing development and recognition of the client Risk Management processes, which reflect a 'Three lines of Defence approach' and therefore provide a basis for risk-based internal audit as required by the standards. The approach supports the ability of internal audit to communicate with clients at a strategic and assignment level and therefore provides an appropriate framework within which internal audit is conducted. The degree to which risk appetite is embedded within assessment can be further developed in order that internal audit can be confident in the provision of an assurance opinion in relation to risk management, governance and control . Clear alignment with the risk matrix will enable internal audit plans and assignments to focus on the value of 'Control Risk' and thereby increasingly focus its attention on key controls and the assurances available to mitigate risk. Continuing to develop this thread will enhance both the efficiency and effectiveness of internal audit as well as its benefit to the Council by ensuring that significant control risk is identified at corporate and operational levels.

Consequently, with a constantly changing risk environment, particularly as the service responds to the changing needs of the Councils, there is a need and opportunity for the internal audit service to continue to enhance delivery through acting as a catalyst to ensure that robust risk management systems are operational, increasing its awareness of the assessment of risk and as a consequence informing its own approach. This will help ensure that internal audit focuses on the most appropriate areas and can demonstrate that it continues to provide a service that effectively contributes towards the achievement of the Council stated objectives, through the provision of independent assurance.

Current services are assessed to '**generally conform**' with the PSIAS standards with the service demonstrating a high standard of delivery within its peer group. The service is well regarded by all clients.

A series of specific recommendations are made in the report that follows which reflect building on the existing strengths in relation to resources, competency and delivery in order to enhance future services and as a result enhance the benefit of the service to clients.

Basis for overall opinion

Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

Partially Conforms means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual *Standard* or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.

Does Not Conform means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual *Standard* or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board. Often, the most difficult evaluation is the distinction between general and partial. It is a judgment call keeping in mind the definition of general conformance above. Carefully read the *Standard* to determine if basic conformance exists. The existence of opportunities for improvement, better alternatives, or other successful practices do not reduce a generally conforms rating.

Source: Institute of Internal Auditors (2016)

Overall assessment

1	RESOURCES		Excelling – Processes in this area are embedded within every-day practices and mostly reflect best practice that is consistent with PSIAS expectations.
2	COMPETENCY		Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where further development would be beneficial.
3	DELIVERY		Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where a more consistent approach and further development would be beneficial.

Summary of good practice identified within EQA

Standard	Good practice identified	Observation
1000	An Internal Audit Charter has been established and agreed with management and the Audit Committees (AC).	The combination of the Charter, supported by the Internal Audit Manual is comprehensive and establishes an appropriate framework against which internal audit services can be delivered in accordance with the PSIAS.
1100	Independence and objectivity	A process is in place regarding the identification and management of potential conflicts and/or declarations of interest.
1311	The service has conducted internal assessment exercises regarding its performance.	Performance review is embedded within quality control procedures and supported by a staff appraisals process which identifies and supports performance development needs. Further quality assurance is undertaken which has highlighted a number of areas where the team feel development would be beneficial.
2020	Active engagement at Member and management level	Represents the establishment of a good understanding of key issues through routine interaction with Officers and Members.
2030	The need for appropriate internal audit resources is supported potential use of external sources.	This represents a firm basis for the successful delivery of the internal audit plan and the use of support, if required.
2040	A detailed internal audit manual is in place which aligns with the PSIAS.	Provides for a consistent methodology, within which the service is delivered through a series of templates.
2060	Reports are produced using a standard template which is consistently applied, with reports being issued in the name of the CAE.	Demonstration of a consistent approach to communication which is well received by management and the AC's – effective follow-up ensures that issues are not lost.
2300	Internal auditors identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.	Effective supervision and review of progress ensures a consistent approach and delivery of the approved methodology.
2400	Internal auditors communicate results of engagements.	The internal audit team routinely conducts exit meetings with regard to the findings emerging from engagements.

Part one

The logo consists of a blue square with a white border. Inside the square, the words "BUSINESS", "RISK", and "SOLUTIONS" are stacked vertically in a white, sans-serif font. The word "RISK" is highlighted in yellow. The entire logo is set against a white background with a thin yellow vertical bar to its left.

**BUSINESS
RISK
SOLUTIONS**

Compliance with the Public Sector Internal Audit Standards

Business Vision and Mission, Governance arrangements, Recognition of standards, Charter, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

	Issue identified	Recommended action
1	<p>Internal Audit Charter (IAC)</p> <p>The IAC requires .Head of Audit to “produce an annual internal audit report summarising the areas that have been subject to Internal Audit review in the year. This annual report will include an opinion, based on the areas examined, on whether the Council’s governance arrangements, including those for economy, efficiency and effectiveness, are adequate and have been properly applied in the year”.</p> <p>The PSIAS requires the opinion to “conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control”.</p>	<p>The Head of Audits Annual report states that the “purpose of this report is to summarise year-end performance information for the Council’s Internal Audit service for the financial year”.</p> <p>This is supported by a statement that “Internal Audit can provide reasonable assurance that the Council’s governance arrangements including risk management and systems of internal control were operating adequately and effectively”.</p> <p>The annual internal audit planning process is based upon a continuous assessment of the risk environment faced by each Council, therefore the opinion is not solely based on the current years work as stated. It would be more accurate to reflect on the full knowledge of the CAE and therefore provide the wider opinion as required by the PSIAS.</p> <p style="text-align: right;">PSIAS 1000</p>
2	<p>Annual Opinion</p> <p>Best practice reflects using a wider basis for the opinion reflecting the full knowledge of the CAE including significant risks which each Council is facing and information from other assurance sources.</p>	<p>Extend the basis of the Annual Opinion to reflect the wider understanding of the risk environment as contained within the risk management framework and therefore also the other sources of assurance that are available.</p> <p style="text-align: right;">PSIAS 2450</p>

	Issue identified	Recommended action
3	<p>Performance appraisal The self-assessment identified that the CAE's appraisal which is undertaken by the Chief Executive Officer could beneficially involve input from both Chairs of Audit Committee.</p>	<p>It is understood that a new Performance Development process is being developed. With regard to the CAE's appraisal, this would be better informed by inviting observations from both Chairs of Audit Committee in advance of the performance appraisal undertaken by the Chief Executive Officer.</p> <p style="text-align: right;">PSIAS 1110</p>
4	<p>Annual declarations of interest/conflicts Declarations of interest have been made by current internal audit staff in line with Council policy and are dated 2009.</p>	<p>In view of the independent nature of the internal audit service it would be beneficial for the Head of Audit to receive annual confirmation that staff do not have a need to declare any interests which would conflict with the independent nature of their role and therefore support a statement in the Annual Report as required by the PSIAS regarding organisational independence.</p> <p style="text-align: right;">PSIAS 1110</p>

	Issue identified	Recommended action
1.	<p>Audit Universe</p> <p>The current internal audit planning model reflects use of a “standard audit universe’ to which are applied a number of factors which represent a judgement of risk from an internal audit perspective. This is provided for in circumstances where the client risk management system cannot be relied upon.</p> <p>The Audit Needs Assessment includes recognition of the Councils Corporate Risk Register although the relative weighting is limited by comparison to other factors, particularly relating to financial matters.</p> <p>Further development of this approach through increasing alignment with the Councils assessment of the risk environment at both a strategic and operational level would enhance internal audits’ ability to demonstrate a commitment to helping the Council achieve its objectives through recognition of significant risk.</p>	<p>The development of a comprehensive internal audit plan that reflects the significant risks that are recorded with the Councils risk management system represents an essential feature of both strategic and operational internal audit planning as it acts as a basis for both ensuring attention on significant risks on a priority basis as well as providing an indication of the resources required to provide continuous independent assurance.</p> <p>Internal Audit works with each client manager at the time of an engagement to identify significant risks; it would be opportune to increasingly recognise and promote the value of ‘Control Risk’ (the difference between inherent and residual values) at an operational level and transparently integrate this within the annual planning process and with regard to each engagement.</p> <p>It would be beneficial therefore to increasingly align development of the internal audit planning system with each Councils risk management processes in order to ensure that resources are consistently focused on areas where assurance is required regarding the operation of policies, procedures and controls that mitigate the significant risks to which the Council is exposed at an inherent level.</p> <p>It may be that such an approach would also help embed effective risk management and the identification of significant risk within each Departments governance processes.</p> <p style="text-align: right;">PSIAS 2000/2010</p>



Competency continued

	Issue identified	Recommended action
2.	<p>Future training needs The Internal Audit Team maintains a Training Passport system which records training undertaken by individual staff and future training needs emerging from 121 meetings with the CAE.</p> <p>This is considered good practice.</p> <p>Where future audit planning is informed by the risk management system it may be possible to better anticipate future areas where assurance is required.</p>	<p>Consider whether future training needs can be assessed and commissioned in advance of the need for assurance work regarding anticipated changes in the Councils risk environment.</p> <p style="text-align: right;">PSIAS 1230</p>
3.	<p>Job descriptions Whilst these are in place, some appear dated and do not contain reference to the delivery of services in accordance with the PSIAS.</p>	<p>Update the job descriptions to reflect current service requirements.</p> <p>Revise the wording within that for the Head of Audit which currently implies to 'Deputise for the Chief Executive when required'.</p> <p style="text-align: right;">PSIAS 1200</p>
4.	<p>Control Evaluation template The internal audit methodology has been reviewed over time and includes a number of working papers with which staff are comfortable and use to produce a consistent audit working paper file.</p> <p>It would be beneficial to use the Controls Evaluation Template to both establish the basis for the audit and summarise progress, supervision and approval of the outcomes of the engagement.</p> <p>Detailed supervision is recorded on separate Audit Review Summaries.</p>	<p>It would be opportune following the EQA to consider whether the existing template could be beneficially revised to reflect focus on significant risk throughout each engagement and evidence the process through which an assurance opinion has been reached.</p> <p>The Controls Evaluation template would then act as a summary of the engagement and be cross referenced to other supporting working papers and Audit Review Summaries.</p> <p style="text-align: right;">PSIAS 2040</p>

Competency continued

	Issue identified	Recommended action												
5.	<p>Purpose of the system subject to review</p> <p>The Control Evaluation template currently contains a generic statement which reflects the 'purpose' of the review as nine individual objectives; the audit then focuses on review of a number of 'Control Objectives' which are used as a basis for forming an opinion on whether the process provides assurance regarding delivery of the nine Control Objectives.</p> <p>The term 'Control Objectives' would be better expressed as 'Significant Risks' to which the area is exposed.</p>	<p>The inclusion of 'purpose' is regarded as good practice however it may be beneficial to increasingly capture this as 'Managements Objectives' for the area under review. This would then better relate to the nature of the significant risks being faced within the area under review as this will assist with the discussions with client managers regarding the identification of the significant risks which may impact upon achievement of established objectives and upon which the assurance opinion should be based.</p> <p style="text-align: right;">PSIAS 2201</p>												
6.	<p>Use of the Council risk appetite</p> <p>The Council risk management policy contains indicators regarding how risk impact should be considered at both strategic and operational levels. These are Catastrophic, Major, Medium, Minor and Insignificant.</p> <p>Internal Audit grades its recommendations High, Medium and Low and supports this with appropriate definition regarding how the grades should be interpreted regarding the impact of the finding in relation to risk management and control.</p>	<p>There may be advantage in aligning the two methodologies as this would not only provide a sound basis upon which to assess each recommendation but also convey the grading in terminology already embedded through the risk management process in communications with client managers.</p> <table border="1" data-bbox="967 975 1787 1260"> <thead> <tr> <th data-bbox="967 975 1379 1025">Risk impact level</th> <th data-bbox="1379 975 1787 1025">Audit recommendation grade</th> </tr> </thead> <tbody> <tr> <td data-bbox="967 1025 1379 1075">Catastrophic</td> <td data-bbox="1379 1025 1787 1118">High</td> </tr> <tr> <td data-bbox="967 1075 1379 1125">Major</td> <td data-bbox="1379 1118 1787 1168">Medium</td> </tr> <tr> <td data-bbox="967 1125 1379 1175">Moderate</td> <td data-bbox="1379 1168 1787 1218">Low</td> </tr> <tr> <td data-bbox="967 1175 1379 1225">Minor</td> <td data-bbox="1379 1218 1787 1268"></td> </tr> <tr> <td data-bbox="967 1225 1379 1268">Insignificant</td> <td data-bbox="1379 1268 1787 1318"></td> </tr> </tbody> </table> <p style="text-align: right;">PSIAS 2010</p>	Risk impact level	Audit recommendation grade	Catastrophic	High	Major	Medium	Moderate	Low	Minor		Insignificant	
Risk impact level	Audit recommendation grade													
Catastrophic	High													
Major	Medium													
Moderate	Low													
Minor														
Insignificant														

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

	Issue identified	Recommended action	
1.	<p>Governance</p> <p>The standards require the CAE to provide an annual opinion regarding the effectiveness of governance arrangements.</p> <p>Current planning includes various aspects of the governance process including Ethics, Conflicts of Interests and Members expenses.</p>	<p>In Local Government each Council establishes a Code of Governance in accordance with CIPFA SOLACE – it would be beneficial to map internal audit activity to the content of the Code in order to provide assurance at a level which contributes directly to the Annual Governance Statement through the Head of Internal Audit Annual Report.</p> <p style="text-align: right;">PSIAS 2110</p>	
2.	<p>Risk Management</p> <p>Internal Audit last reviewed risk management as an assignment in January 2021 providing a substantial assurance opinion.</p> <p>Engagement reports provide assurance regarding the operation of risk management in each area of review.</p>	<p>The standards require an annual opinion to be made in the Head of Internal Audit's Annual Report regarding risk management processes. It would therefore be beneficial to support the opinion with clear evidence regarding how the opinion has been reached through the combination of the assurances gained at both a strategic level and at an operational level within engagements.</p> <p style="text-align: right;">PSIAS 2120</p>	

	Issue identified	Recommended action
3.	<p>Internal Audit Opinions</p> <p>The Team's current practice regarding the formation of an opinion regarding each engagement is based upon professional judgement related to the number of and classification profile of the recommendations made.</p>	<p>Where grading can be aligned with the Councils risk management systems (particularly as referred to in Competency Item 6) then the overall opinion may be better supported having regard to the level of risk observed.</p> <p>Where 'high' (red) recommendations are made then a 'Limited Assurance' opinion is appropriate.</p> <p>Where no or a limited number of 'Low' (green) recommendations are made the 'Substantial' opinion is appropriate.</p> <p>As a result a satisfactory grading may be applied to reflect situation where a range of medium and low graded recommendations have been identified with advice to resolve the control issues within an agreed action plan.</p> <p style="text-align: right;">PSIAS 2060</p>
4.	<p>Internal Audit Risk Based Strategy</p> <p>The teams approach to assessment of the perceived risk at inherent and residual levels within an engagement is reflected in the grading of recommendations and opinions which are then used in reporting. Audit Engagement Plans and Reports do not contain an explanation of how the Internal Audit Team relate the levels of risk evaluation to the conduct of the audit.</p> <p>It would be beneficial to include a summary of the process within all client communications as this would help embed both internal audit's approach and improve familiarity with risk management throughout each client.</p>	<p>Definitions of the grading of risks and the basis for opinions should be included within the Internal Audit Manual, Audit Engagement Plans (The Evaluation Template) and Audit Reports as this would help to ensure a consistent approach and understanding of risk is embedded throughout both internal audit and each Council.</p> <p style="text-align: right;">PSIAS 2420</p>

Part two



Suggested enhancements for consideration

Suggested Enhancements for consideration

	Issue identified	Recommended action
1..	<p>Client surveys Progress has been made in obtaining feedback from auditees following each audit through discussions with client managers and through issue of a 21 questionnaire survey following completion of each audit..</p> <p>This provides confirmation from clients regarding the Teams ability to deliver upon its role and responsibilities.</p>	<p>Internal Audit may find it useful to utilise Survey Monkey or similar technology for collecting feedback, and capture similar feedback in relation to the contractors performance, as this can prove to be an efficient means of gathering an early response.</p> <p>Reducing the number of questions to focus on a limited number of specific points may aid participation.</p> <p>Feedback should be included as part of the QAIP process.</p> <p style="text-align: right;">PSIAS 2000</p>
2.	<p>Internal Audit Reports Current practice includes inclusion of a statement of confidentiality regarding the use and distribution of each report which is good practice.</p>	<p>Enhancing the statement to include reference to the reports having been prepared in accordance with professional standards (PSIAS) and the Code of Ethics would also be viewed as good practice.</p> <p style="text-align: right;">PSIAS 1000</p>

Suggested Enhancements for consideration

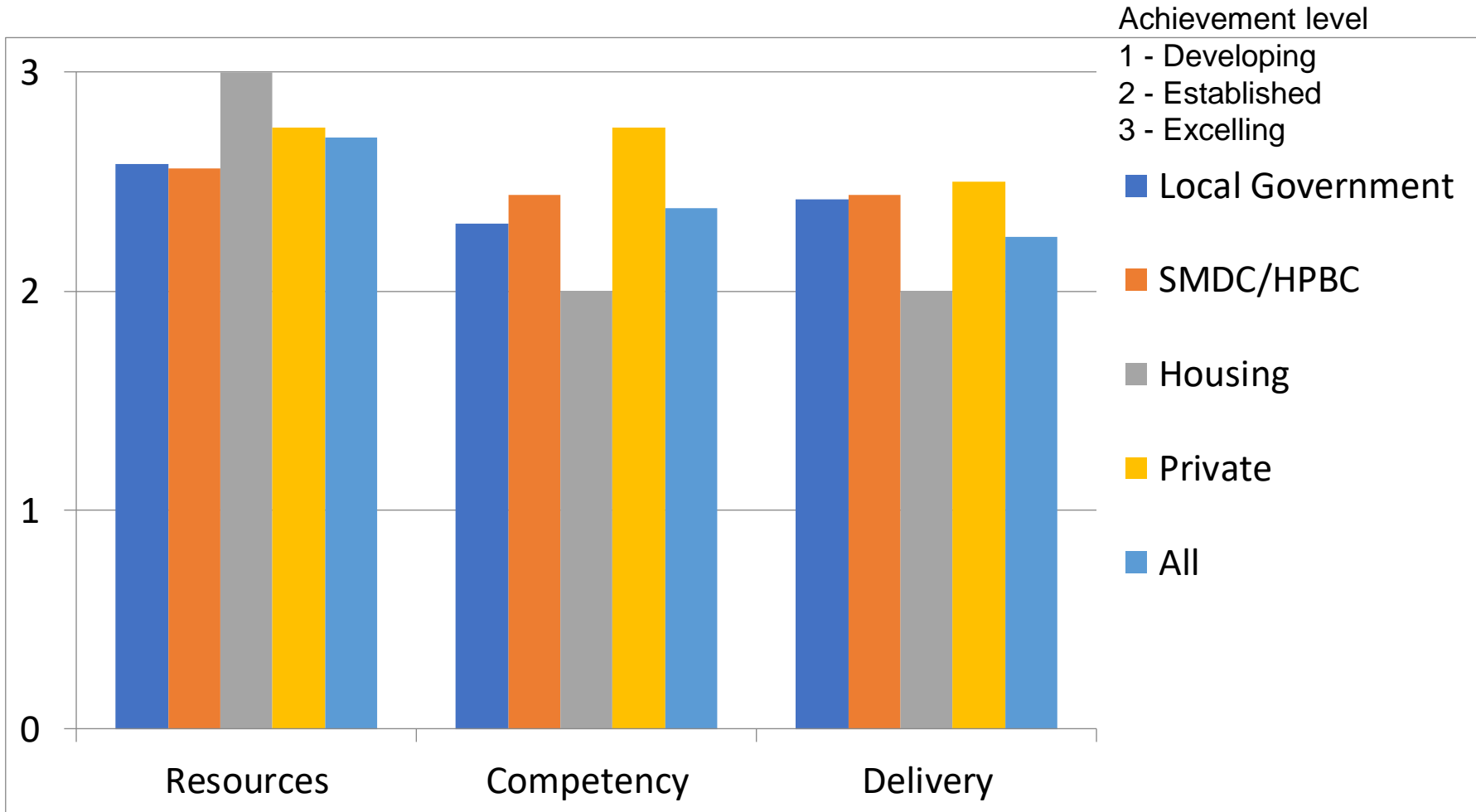
	Issue identified	Recommended action
3.	<p>Key Performance Indicators Completion of the Internal Audit Plan is regarded as the current focus of performance monitoring, although other indicators based on recommendations and opinions made in the year are recorded in the Head of Internal Audit's Annual Report.</p> <p>Good practice elsewhere utilises a range of quantitative and qualitative measures to demonstrate performance against the Internal Audit Charter.</p>	<p>Consideration could be given to devising a more comprehensive list of indicators and a summary of client feedback received. This may include:</p> <ul style="list-style-type: none"> • Reports issued to agreed timescales • Recommendations accepted/not accepted by risk rating • Recommendations acted upon in a timely manner • Client satisfaction • Staffing levels and qualifications • Planned training completed <p style="text-align: right;">PSIAS 1310</p>
4.	<p>Internal Audit Reports Current practice is to summarise outcomes which support the overall opinion with a statement regarding "key issues".</p>	<p>Increased alignment with the PSIAS would be achieved by reflecting outcomes as Significant Risks in line with accepted terminology.</p> <p style="text-align: right;">PSIAS 2060</p>

Part three

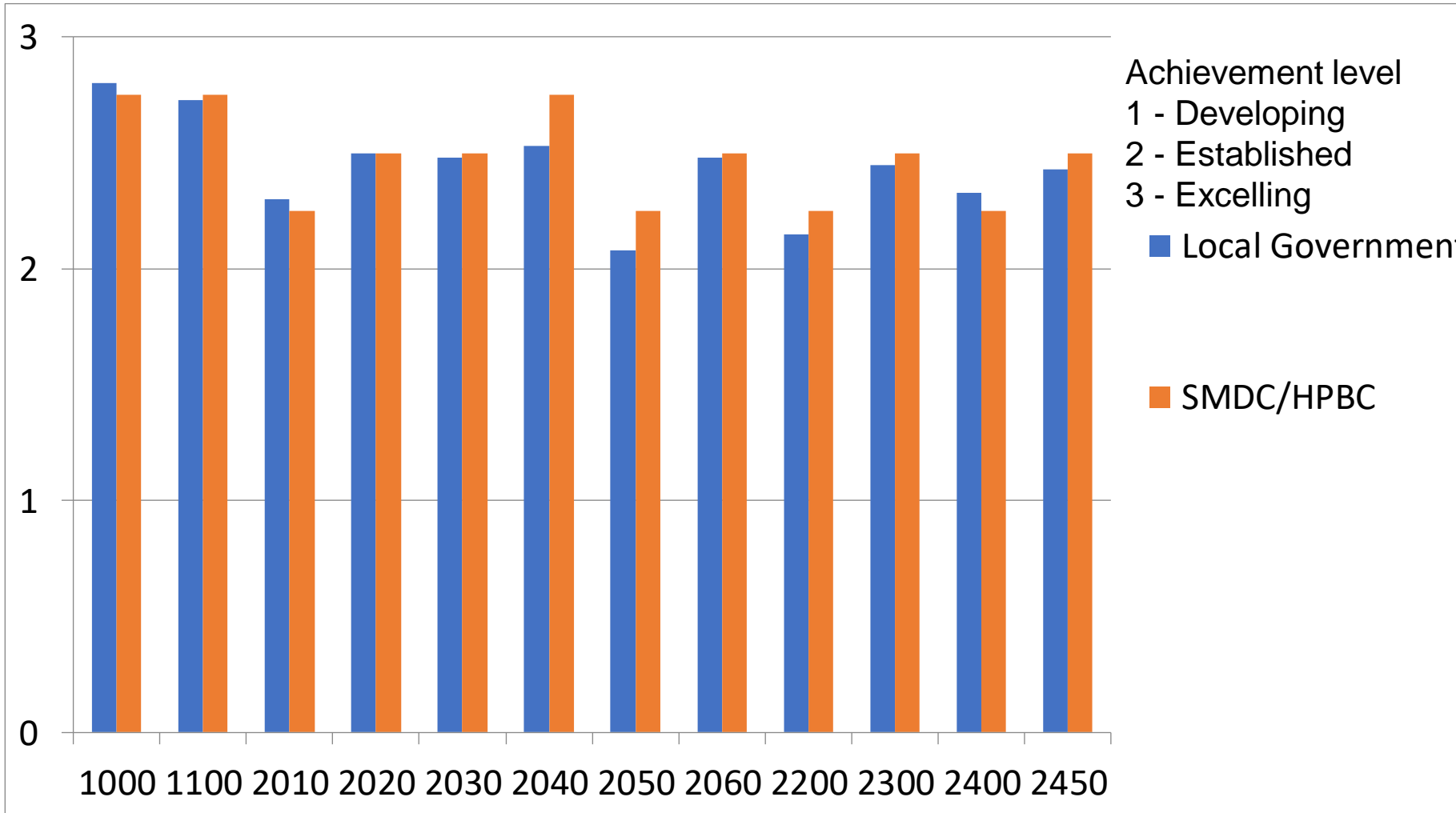


Benchmarking

Benchmarking - Sector analysis



Benchmarking - Industry analysis



Appendix

1. Summary of client feedback
2. Key IPPF/PSIAS standards assessed
3. Basis for EQA
4. Grading of recommendations

Summary stakeholder feedback

Question	Positive (%)	Negative (%)
I understand Internal Audit's role in the organisation and its purpose.	100	
Internal Audit is customer focused and understands what the organisation is trying to achieve.	100	
Internal Audit considers the viewpoints of the organisation when planning and undertaking reviews and aims to provide a good balance between assurance and good practice with opportunities for improvement.	100	
Internal audit has a presence in the organisation which is visible and approachable.	100	
The Internal Audit team provides a flexible and reliable service which adds value through the assurance audits and additional work it undertakes.	100	
Internal Audit makes you aware of any significant issues that occur during an audit on a timely basis and you have the opportunity to respond or provide additional information.	100	
Internal audit has the skills to provide appropriate assurance and advice to meet our needs?	100	
Good practice and ideas from other organisations are shared through audits, day to day contact, meetings or other engagement methods.	100	
Average	100	

Conclusion:

Feedback from stakeholders confirms that the Internal Audit Shared Service is considered to provide a good quality internal audit service whose brief is clearly understood and the assurance and advice that is provided is well regarded. This supports the detailed review of the delivery of the service within the external quality assessment process.

Key PSIAS Standards assessed

(for benchmarking purposes)

Standard		Focus
1000	Purpose, Authority and Responsibility	The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> . The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.
1100	Independence and Objectivity	The internal audit activity must be independent, and internal auditors must be objective in performing their work.
2010	Planning	The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
2020	Communication and approval	The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.
2030	Resource Management	The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
2040	Policies	The chief audit executive must establish policies and procedures to guide the internal audit activity.
2050	Co-ordination	The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.
2060	Reporting	The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
2200	Engagement planning	Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.
2300	Work programme	Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.
2400	Communicating results	Internal auditors must communicate the results of engagements
2450	Overall opinions	When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

Basis for EQA

Compliance with IPPF/PSIAS

- **Resources**

Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

- **Competency**

Charter, Internal Audit Manual, Planning and Allocation of staffing, Recruitment (Numbers and skills), Training (Professional and Technical), Appraisal and Development

- **Delivery**

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

Grading of recommendations

- The grading of recommendations is intended to reflect the relative importance to the relevant standard within the Public Sector Internal Audit Standards (PSIAS).

Recommendation grading	Explanation
Enhance	The internal audit service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS standards in order to demonstrate a contribution to the achievement of the organisations' objectives in relation to risk management, governance and control.
Review	The Internal audit service should review its approach in this area to better reflect the application of the PSIAS.
Consider	The internal audit service should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services

- In grading our recommendations, we have considered the wider environment in terms of both the degree of transformation that is currently taking place as well as our assessment of the level of risk maturity that currently exists, as these will have a consequence for the conduct of internal audit planning as well as subsequent communication.