

CIPFA CODE OF PRACTICE - INTERNAL AUDIT SELF ASSESSMENT 2012/2013

REF	CIPFA STANDARD REQUIREMENT	IIA STANDARD	YES	PARTIAL	NO	EVIDENCE/COMMENT	ACTION PLAN	S.151 COMMENT
1	SCOPE OF INTERNAL AUDIT							
1.1	Terms of Reference							
1.1.1	Do terms of reference: a) establish the responsibilities and objectives of internal audit? b) establish the organisational independence of internal audit? c) establish the accountability, reporting lines and relationships between the head of internal audit and those charged with governance and those parties to whom the head of internal audit may report? d) recognise that internal audit's remit extends to the entire control environment of the organisation? e) identify internal audit's contribution to the review of the effectiveness of the control environment? f) require and enable the head of internal audit to deliver an annual audit opinion? g) define the role of internal audit in any fraud-related or consultancy work (see also 1.3.2)? h) explain how internal audit resource requirements will be assessed? i) establish internal audit's right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	1000	✓			Internal audit strategy and internal audit charter.	N/A	Agreed
1.1.2	Does the head of internal audit advise the organisation on the content and the need for subsequent review of the terms of reference?	1000	✓			Advised in internal audit strategy report which went to SODC ACGC 30 January 2012 and VWHDC AGC 18 January 2012.	N/A	Agreed
1.1.3	Have the terms of reference been formally approved by the organisation?	1000	✓			Internal audit strategy approved by SODC ACGC on 30 January 2012 and VWHDC AGC on 18 January 2012.	N/A	Agreed
1.1.4	Are the terms of reference regularly reviewed?	1000	✓			Reviewed by audit manager annually prior to commence of new financial year. Reviewed formally by ACGCs every 3 years, next review 2015.	N/A	Agreed
1.2	Scope of Work							
1.2.1	Are the organisation's assurance, risk management arrangements and monitoring mechanisms taken into account when determining internal audit's work and where effort should be concentrated?	2010 2110 2120	✓			Schedule of auditable activity.	N/A	Agreed. In addition, the audit manager consults Mgt Team & Heads of Service on each draft annual audit plan to capture any other views on risk areas.
1.2.2	Where services are provided in partnership has the head of internal audit identified: a) how assurance will be sought? b) agreed access rights where appropriate?		N/A			Internal audit is not provided in partnership with any other body.	N/A	N/A

1.3	Other Work							
1.3.1	Where internal audit undertakes consultancy and/or fraud and corruption work, does it have the: a) skills, and b) resources to do this?	1200	✓			a) The audit manager is MIIA qualified, and the three auditors are PIIA, ACA and AAT qualified. One auditor is currently pending the award of MSc Audit Management and Consultancy, and another auditor is pursuing the MIIA qualification. All members of the team have training needs identified through the quality assurance framework documented within their personal development plan. b) A contingency allowance is built into the annual audit plan to allow the team to respond to consultancy	N/A	Agreed. Also, if the audit manager ever deems an assignment requires specialist skills (e.g. police, or forensic computer skills), she can arrange them.
1.3.2	Do the terms of reference define internal audit's role in: a) fraud and corruption? b) consultancy work?	1000	✓			Internal audit strategy and internal audit charter.	N/A	Agreed
1.4	Fraud and Corruption							
1.4.1	Has the head of internal audit made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?		✓			Joint anti-fraud and corruption policy and response plan. Last reviewed November 2011.	N/A	Agreed
TOTALS			8	0	0			

2	INDEPENDENCE							
2.1	Principles of Independence							
2.1.1	Is internal audit: a) independent from the activities it audits? b) free from any non-audit (operational) duties?	1100	✓			Internal audit strategy and internal audit charter.	N/A	Agreed
2.1.2	Where internal audit staff have been consulted during system, policy or procedure development, are they precluded from reviewing and making comments during routine or future audits?	1120 1130	✓			The audit manager takes into consideration involvement in consultancy/investigation work when allocating planned audits. A specific register of interest for internal audit issues is maintained by the audit manager.	N/A	Agreed
2.2	Organisational Independence							
2.2.1	Does the status of internal audit allow it to demonstrate independence?	1000 1100 1110	✓			Internal audit strategy and internal audit charter.	N/A	Agreed
2.2.2	Does the head of internal audit have direct access to: a) officers? b) members?	1100 1110 1111	✓			Internal audit strategy and internal audit charter.	N/A	Agreed
2.2.3	Does the head of internal audit report in his or her own name to members and officers?	1110 1111	✓			Within all audit reports and committee reports.	N/A	Agreed
2.2.4	a) Is there adequate assessment that the budget for internal audit is adequate? b) Does any budget delegated to service areas ensure that: i) internal audit adherence to the Code is not compromised? ii) the scope of internal audit is not affected? iii) internal audit can continue to provide assurance for the annual governance statement?	2030	✓			Corporate budgets scrutinised by cabinet and approved by council. Internal audit resources reviewed by ACGCs.	N/A	Agreed. Additionally, the internal audit service has the same freedom as other services to request budget bids during each annual budget-setting process.
2.3	Status of Head of Internal Audit							
2.3.1	Is the head of internal audit managed by a member of the corporate management team?	1110			✓	The audit manager reports to head of service level, but the internal audit strategy and charter provides authority to the audit manager to directly access all officers and members. The audit manager also reports to the s151 officer on financial control and fraud matters, who is a member of the corporate management team.	N/A	Agreed. On numerous occasions the audit manager has worked directly to the s.151 officer and had direct access to corporate management team.
2.4	Independence of Internal Audit Contractors							
2.4.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?	1130	N/A			Internal audit is not provided by contractors.	N/A	N/A
2.5	Declaration of Interest							
2.5.1	Do audit staff make formal declarations of interest?	1120 1130	✓			All council staff are required to declare interests in accordance with corporate policy. In addition, members of the internal audit team are required to declare specific internal audit conflict of interests, and a register is maintained by the audit manager.	N/A	Agreed
2.5.2	Does the planning process take account of the declarations of interest registered by staff?	1120 1130	✓			The audit manager takes into consideration any declared interests when allocating the planned audits.	N/A	Agreed

	TOTALS		8	0	1			
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3	ETHICS FOR INTERNAL AUDITORS						
3.1	Purpose						
3.1.1	Does the head of internal audit regularly remind staff of their ethical responsibilities?	IIA CoE	✓			All members of the internal audit team are required to abide by the IIA code of ethics, and this is clearly stated within the internal audit charter and internal audit manual.	Agreed
3.2	Integrity						
3.2.1	Has the internal audit team established an environment of trust and confidence?	IIA CoE	✓			No reports have been received by the audit manager from officers or members to suggest otherwise. The audit manager is now approached by service areas requesting planned audits and consultancy assistance which would imply an environment of trust and confidence.	Agreed. In discussions with corporate management team members and senior managers, the audit service receives compliments and has clearly generated a high level of corporate confidence.
3.2.2	Do internal auditors demonstrate integrity in all aspects of their work?	IIA CoE	✓			A quality assurance process is in place to ensure the integrity of work.	Agreed
3.3	Objectivity						
3.3.1	Are internal auditors perceived as being objective and free from conflicts of interest?	IIA CoE 1120	✓			Please see section 2.1 and 2.5. All auditors are independent from operational duties, and allocated audit areas are rotated and reviewed by the audit manager to ensure objectivity.	Agreed
3.3.2	Is a time period set by the head of internal audit for staff where they do not undertake an audit in an area where they have had previous operational roles?	IIA CoE 1130	✓			A period of 3 years has been set by the audit manager, which is in accordance with professional guidance.	Agreed
3.3.3	Are staff rotated on audited areas regularly/annually?	IIA CoE 1130	✓			The audit manager is responsible for ensuring rotation within the team, and all auditors are rotated annually on key financial systems.	Agreed
3.4	Competence						

3.4.1	Does the head of internal audit ensure that staff have sufficient knowledge of: a) the organisation's aims, objectives, risks and governance arrangements? b) the purpose, risks and issues of the service areas? c) the scope of each audit assignments? d) relevant legislation and other regulatory arrangements that relate to the audit?	IIA CoE 1200 1210 2030	✓			a)+b) Monthly team meetings are held which include an update on corporate issues and allow for team discussions. All members of the team attend staff briefings and read Connect, WIS etc to ensure they keep up to date on corporate issues. c)+d) Monthly 1-2-1s are held between the audit manager and each auditor, which include a discussion on forthcoming audits. Auditors are responsible for communicating with the service area, and reviewing service plans, risk registers, previous audit reports and media coverage when drafting TOR. All TOR are subject to audit management review prior to issue in draft.	N/A	Agreed
3.5	Confidentiality							
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?	IIA CoE	✓			IIA code of ethics and internal audit manual.	N/A	Agreed
TOTALS			8	0	0			

4	AUDIT COMMITTEES							
4.1	Purpose of the Audit Committee							
4.1.1	Does the organisation have an independent audit committee?		✓			SODC has and audit an corporate governance committee and VWHDC has an audit and governance committee.	N/A	Agreed. The audit committees are VERY independent, often challenging the views of the s.151 officer and Cabinet.
4.2	Internal Audit's Relationship with the Audit Committee							
4.2.1	Is there an effective working relationship between the audit committee and internal audit?	1111	✓			Good communication links exist between the audit manager and chairmen of both committees. The internal audit charter provides authority to the audit manager to independently address both committees if necessary.	N/A	Agreed
4.2.2	Does the committee approve the internal audit strategy and monitor progress?		✓			The internal audit strategy was approved by SODC ACGC on 30 January 2012 and VWHDC AGC on 18 January 2012. The audit manager reports quarterly to both committees on audit progress.	N/A	Agreed
4.2.3	Does the committee approve the annual internal audit plan and monitor progress?	2020	✓			The internal audit plan was approved by SODC on 20 March 2012 and VWHDC AGC on 21 March 2012. The audit manager reports quarterly to both committees on audit progress.	N/A	Agreed
4.2.4	Does the head of internal audit: a) attend the committee and contribute to its agenda? b) participate in the committee's review of its own remit and effectiveness? c) ensure that the committee receives and understands documents that describe how internal audit will fulfil its objectives? d) report on the outcomes of internal audit work to the committee? e) establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa? f) present the annual internal audit report to the committee?	1111 1320 2020	✓			The audit manager reports quarterly to both committees on audit management issues and progress against the plan/activity. The audit manager assisted Democratic Services in the development of the self-assessment questionnaire and provides training to committee members in relevant areas with external audit. The annual internal audit report is presented to the June ACGCs.	N/A	Agreed
4.2.5	Is there the opportunity for the head of internal audit to meet privately with the audit committee?		✓			The internal audit charter provides authority for the audit manager to meet with the ACGCs privately if required. The audit manager meets with the SODC chairman privately prior to each committee meeting.	N/A	Agreed
TOTALS			6	0	0			

5	RELATIONSHIP							
5.1	Principles of Good Relationships							
5.1.1	Is there a protocol that defines the working relationship for internal audit with: a) management? b) other internal auditors? c) external auditors? d) other regulators and inspectors? e) elected members?		✓			Internal audit charter and internal audit manual.	N/A	Agreed
5.2	Relationship with Management							
5.2.1	Does the head of internal audit seek to maintain effective relationships between internal auditors and managers?		✓			The audit manager offers the opportunity to all service managers, heads of service and management team to meet with the audit manager during the audit planning phase or to provide written feedback. After each individual audit, a feedback form is sent to relevant auditees and any concerns raised are addressed by the audit manager.	N/A	Agreed
5.2.2	Is the timing of audit work planned in conjunction with management?		✓			The draft audit plan with scheduled start dates is circulated to all service managers, heads of service, external audit and management team to allow timing conflicts to be addressed and avoided. In-year requests to change an audit start date are accommodated where possible, but an escalation process is in place should agreement not be reached.	N/A	Agreed
5.3	Relationship With Other Internal Auditors							
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?		✓			Formal arrangements are not in place, but the audit manager has frequently consulted with Reading Borough Council, Wokingham District Council, Bracknell Forest Borough Council and West Oxfordshire District Council on internal audit matters.	N/A	Agreed
5.4	Relationships with External Auditors							
5.4.1	Is it possible for internal audit and external audit to rely on each others work?		✓			A joint working protocol has been established between internal audit and the Audit Commission and it is anticipated that this will remain in place when the Audit Commission transfer to Ernst & Young.	N/A	Agreed
5.4.2	Are there regular meeting between the head of internal audit and the external audit manager?		✓			At least quarterly.	N/A	Agreed
5.4.3	Are the internal and external audit plans co-ordinated?		✓			Audit plans are shared with each other, and the scope of key financial system audits are discussed prior to the drafting of the terms of reference.	N/A	Agreed
5.5	Relationships with Other Regulators and Inspectors							

5.5.1	Has the head of internal audit sought to establish a dialogue with the regulatory and inspection agencies that interact with the organisation?		✓			As necessary. The team review relevant reports as part of the planning and audit process.	N/A	Agreed
5.6	Relationship with Elected Members							
5.6.1	Do the terms of reference for internal audit define the channels of communication with members and describe how such relationships should operation?	1000	✓			Internal audit strategy, internal audit charter and internal audit manual.	N/A	Agreed
5.6.2	Does the head of internal audit maintain good working relationships with members?		✓			Please see section 4.2. All internal audit reports are sent to the relevant portfolio holders and ACGCs.	N/A	Agreed
TOTALS			10	0	0			

6	STAFFING, TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT							
6.1	Staffing Internal Audit							
6.1.1	Is internal audit appropriately staffed (numbers, grades, qualifications, personal attributes and experience), to achieve its objectives and comply with these standards?	1200 1210 2030	✓			Please see section 1.3.1. The internal audit team has one audit manager and three auditors shared across SODC and VWHDC. All members of the team are professionally qualified and as a group the team has 22 years internal audit experience and 43 years local government experience.	N/A	Agreed. Internal audit resources have been reduced in recent years as part of targeted budget cuts and the team is now relatively small for 2 district councils. However, the efficiency and effectiveness of the team has improved dramatically since 5 years ago.
6.1.2	Does the head of internal audit have access to appropriate resources where the necessary skills and expertise are not available within the internal audit team?	1210	✓			There is not a formal arrangement, but should it be absolutely necessary the capacity to buy-in services from a contractor would be possible.	N/A	Agreed
6.1.3	Is the head of internal audit professionally qualified and experienced?	1210	✓			MIIA qualified, 7 years internal audit experience (6 years within local government) 4 years corporate governance and 2 years risk management experience.	N/A	Agreed
6.1.4	Does the head of internal audit have wide experience of internal audit and management?	1210	✓			Please see section 6.1.3.	N/A	Agreed
6.1.5	a) Do all internal audit staff have up-to-date job descriptions? b) Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for internal audit staff?	1210	✓			The job description and person specifications were reviewed in 2011.	N/A	Agreed
6.2	Training and CPD							
6.2.1	a) Has the head of internal audit defined the skills and competencies for each level of auditor? b) Are individual auditors periodically assessed against these predetermined skills and competencies? c) Are training and development needs identified and included in an appropriate ongoing development programme? d) Is the development programme recorded, regularly reviewed and monitored?	2030	✓			The performance of each individual team member is assessed through the quality assurance framework and the corporate PDP process. Training needs are identified through the 1-2-1 and appraisal process and recorded within the PDP. Informal focus areas are recorded within the 1-2-1 focus plan.	N/A	Agreed. Auditors are effectively performance-managed and there have been two instances in the last 5 years where the audit manager dismissed an under-performing auditor.
6.2.2	Do individual auditors maintain a record of their professional training and development activities?	1230	✓			Audits completed are logged within each auditors focus plan, and training is logged within the councils' HR Pro system.	N/A	Agreed
	TOTALS		7	0	0			

7	AUDIT STRATEGY AND PLANNING							
7.1	Audit Strategy							
7.1.1	a) Is there an internal audit strategy for delivering the service? b) Is it kept up to date with the organisation and its changing priorities?		✓			The internal audit strategy was approved by SODC on 30 January 2012 and VWHDC on 18 January 2012. The audit strategy is reviewed every three years.	N/A	Agreed
7.1.2	Does the strategy include: a) internal audit objectives and outcomes? b) how the head of internal audit will form and evidence his or her opinion on the control environment? c) how internal audit's work will identify and address local and national issues and risks? d) how the service will be provided, i.e. internally, externally or a mix of the two? e) the resources and skills required to deliver the strategy?		✓			Internal audit strategy.	N/A	Agreed
7.1.3	Has the strategy been approved by the audit committee?		✓			The internal audit strategy was approved by SODC on 30 January 2012 and VWHDC on 18 January 2012.	N/A	Agreed
7.2	Audit Planning							
7.2.1	Is there a risk-based plan that is informed by the organisation's risk management, performance management and other assurance processes?	2010	✓			Schedule of auditable activity and annual internal audit plan, both of which include a priority risk score.	N/A	Agreed
7.2.2	Where the risk management process is not fully developed or reliable, does the head of internal audit undertake his or her own risk assessment process?		✓			A risk management audit is undertaken on a cyclical basis, and audit TOR are drafted with reference to the relevant risk register.	N/A	Agreed
7.2.3	Are stakeholders consulted on the audit plan?	2010	✓			At the commencement of the audit planning process, all service managers, heads of service, external audit and management team are asked for their input. Once the plan has been drafted, this is circulated to all service managers, heads of service and management team to allow for comments and timing conflicts to be addressed and avoided. All managers are also consulted on TOR for individual	N/A	Agreed
7.2.4	Does the plan demonstrate a clear understanding of the organisation's functions?		✓			Schedule of auditable activity.	N/A	Agreed

7.2.5	Does the plan: a) cover a fixed period of no longer than one year? b) outline the assignments to be carried out? c) prioritise assignments? d) estimate the resources required? e) differentiate between assurance and other work f) allow a degree of flexibility?		✓			Annual internal audit plan.	N/A	Agreed
7.2.6	If there is an imbalance between the resources available and resources needed to deliver the plan, is the audit committee informed of proposed solutions?		✓			The internal audit allocation table presented with the annual audit plan ensures that there is an adequate balance between resources and the audit programme.	N/A	Agreed. The committee has been very active in considering any change in audit resources. I am confident it would recommend additional resources if it felt more were needed to deliver the plan.
7.2.7	Has the plan been approved by the audit committee?	2020	✓			The audit plan was approved by SODC on 20 March 2012 and VWHDC on 21 March 2012.	N/A	Agreed
7.2.8	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	2020	✓			Significant matters are reported to the chairmen as and when known and to the ACGCs on a quarterly basis within the management report.	N/A	Agreed
TOTALS			11	0	0			

8 UNDERTAKING AUDIT WORK							
8.1 Planning							
8.1.1	a) Is a brief prepared for each audit? b) Is the brief discussed and agreed with the relevant managers?	2200 2210	✓			A scoping call/meeting is held with the relevant auditee approximately 2/3months prior to the proposed start date. Draft terms of reference with a notification memo are sent out 1 month before to the relevant auditee and management reporting line, and auditees are given five working days to respond before the terms of reference are finalised.	N/A Agreed
8.1.2	Does the brief set out: a) objectives? b) scope? c) timing? d) resources e) reporting requirements?	2210 2220 2230	✓			Standard terms of reference template is used.	N/A Agreed
8.2 Approach							
8.2.1	Is a risk-based audit approach used?		✓			Internal audit charter and internal audit manual.	N/A Agreed
8.2.2	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?		✓			The internal audit manual includes an escalation process for serious issues. In general, the audit approach is open and findings are discussed with the auditees as the audit progresses. Findings are formalised during an exit meeting, prior to issue of the draft report.	N/A Agreed. The audit manager has on occasion alerted management of interim findings when they have been particularly serious.
8.2.3	Does the audit approach include a quality review process for each audit?	1300 1310 2340	✓			Each audit file is subject to a formal quality review by the audit manager before the draft report is issued, and each audit/auditor is rated on adherence to working standards and technical competence.	N/A Agreed
8.3 Recording Audit Assignments							
8.3.1	Has the head of internal audit defined a standard for audit documentation and working papers?	2100	✓			Internal audit charter and internal audit manual.	N/A Agreed
8.3.2	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	1300 2100	✓			A quality review template is used to review each audit file.	N/A Agreed
8.3.3	Are working papers such that an experienced auditor can easily: a) identify the work that has been performed? b) re-perform it if necessary? c) see how the work supports the conclusions reached?	2240	✓			Internal audit manual. A standard approach to documenting work performed and referencing evidence is expected. The quality assurance process ensures that sufficient tests have been performed, they could be re-performed if necessary and that a second officer would reach the same conclusions.	N/A Agreed
8.3.4	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	2330	✓			Internal audit manual.	N/A Agreed

8.3.5	Is there an access policy for audit files and records?	2330	✓			Internal audit manual. A register is maintained by the internal audit team for the signing in and out of files and records to the Audit Commission. Any access to internal audit records to other members of staff needs to be authorised by the audit manager.	N/A	Agreed
TOTALS			10	0	0			

9	DUE PROFESSIONAL CARE							
9.1	Responsibilities of the Individual Auditor							
9.1.1	<p>Are there documents that set out the requirements on all audit staff in terms of:</p> <p>a) being fair and not allowing prejudices or bias to override objectivity?</p> <p>b) declaring interests that could be perceived to be conflicting or could potentially lead to conflict?</p> <p>c) receiving and giving gifts and hospitality from employees, clients, suppliers or third parties?</p> <p>d) using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions?</p> <p>e) being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest?</p> <p>f) having sufficient knowledge to identify indicators that fraud or corruption may have been committed?</p> <p>g) disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice?</p> <p>h) disclosing any non-compliance with these standards?</p> <p>i) not using information they gain in the course of their duties for personal use?</p>	1200 1220 2040	✓			Internal audit charter, internal audit manual and IIA code of ethics.	N/A	Agreed
9.2	Responsibilities of the Head of Internal Audit							
9.2.1	Has the head of internal audit established a monitoring and review programme to ensure that due professional care is achieved and maintained?	1300	✓			A quality assurance framework is in place, and audit feedback is sought after each audit which asks about the auditors professionalism and approach.	N/A	Agreed
9.2.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?		✓			Internal audit manual and joint anti-fraud and corruption policy and response plan. A discrepancy register is maintained by the audit manager for all suspicions reported,	N/A	Agreed
TOTALS			3	0	0			

10	REPORTING							
10.1	Principles of Reporting							
10.1.1	Is an opinion on the control environment and risk exposure given in each audit report?	2060 2400 2410	✓			Four assurance ratings are used - full, satisfactory, limited and nil.	N/A	Agreed
10.1.2	Has the head of internal audit determined the way in which internal audit will report?	2060 2420	✓			Internal audit manual. A standard report template is used.	N/A	Agreed
10.1.3	Has the head of internal audit set out the standard for internal audit reporting?	2060	✓			Internal audit manual. A standard report template is used.	N/A	Agreed
10.1.4	Are there laid-down timescales for reports to be issued?	2420	✓			Performance targets have been set and each auditor must maintain an audit situation report for each audit detailing when key audit stages have been met.	N/A	Agreed
10.2	Reporting of Audit Work							
10.2.1	Do the reporting standards include: a) format of the reports? b) quality assurance for reports? c) the need to state the scope and purpose of the audit? d) the requirement to give an opinion? e) process for agreeing reports with the recipients? f) an action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales?	2420	✓			Internal audit manual.	N/A	Agreed
10.2.2	Does the audit reporting process include discussion and agreement of reports?	2400 2410	✓			An exit meeting is held with all auditees once the fieldwork has been completed to informally discuss the findings. A draft report is then issued, and auditees are invited to comment and provide management responses before the report is finalised.	N/A	Agreed
10.2.3	Has the head of internal audit determined a process for prioritising recommendations according to risk?	2410	✓			Internal audit manual. Each recommendation is rated either high, medium and low.	N/A	Agreed
10.2.4	Are areas of disagreement recorded appropriately?	2410	✓			Management responses require a clear indication of whether the auditee agrees, agrees in principle or does not agree with a recommendation.	N/A	Agreed
10.2.5	Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention of senior management?	2410	✓			All audit reports are circulated to the auditee, relevant head of service, strategic director, portfolio holder and ACGC.	N/A	Agreed. Any recommendations disagreed by management are usually the subject of extensive debate at audit committee, where both the auditor and auditee are invited to answer committee's questions.

10.2.6	Is the circulation of each audit report determined when preparing the audit brief?	2410 2400	✓		All audit reports are circulated to the auditee, relevant head of service, strategic director, portfolio holder and ACGC and are available on the council's intranet.	N/A	Agreed
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10.2.7	a) Does the reporting process include details of circulation of that particular audit report? b) Is this included in the brief for each individual audit?	2410 2400	✓			Included with the notification memo and report template.	N/A	Agreed
10.2.8	Does the head of internal audit have mechanisms in place to ensure that: a) recommendations that have a wider impact are reported to the appropriate forums? b) risk registers are updated?	2410	✓			All audit reports are circulated to the auditee, relevant head of service, strategic director, portfolio holder and ACGC and are available on the council's intranet. Officers are reminded within the final report memo to update their risk register where relevant.	N/A	Agreed
10.3	Follow-Up Audits and Reporting							
10.3.1	Has the head of internal audit defined the need for and the form of any follow-up action?	2500	✓			Follow-up is completed six months after the completion date of an audit, except for the key financial systems which are subject to follow up during the next annual review.	N/A	Agreed
10.3.2	Has the head of internal audit established appropriate escalation procedures for internal audit recommendations not implemented by the agreed date?	2500	✓			Follow-up reports are circulated to the auditee, relevant head of service, strategic director, portfolio holder and ACGC. Additional follow up reviews are completed where necessary.	N/A	Agreed
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	2500	✓			A formal follow up report is presented to ACGC.	N/A	Agreed
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	2500	✓			Schedule of auditable activity and recommendation log.	N/A	Agreed
10.4	Audit Report and Presentation of Audit Opinion							
10.4.1	Does the head of internal audit provide an annual report to support the annual governance statement?		✓			An annual report is presented at the June ACGC.	N/A	Agreed
10.4.2	Does the head of internal audit's annual report: a) include an opinion on the overall adequacy and effectiveness of the organisation's control environment? b) disclose any qualification to that opinion, together with the reasons for the qualification? c) present a summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies? d) draw attention to any issues the head of internal audit judges particularly relevant to the preparation of the annual governance statement? e) compare the actual work undertaken with the planned work and summarise the performance of the internal audit function against its performance measures and targets? f) comment on compliance with the standards of the Code? g) communicate the results of the internal audit quality assurance programme?		✓			Internal audit annual report.	N/A	Agreed
10.4.3	Has the head of internal audit made provision for interim reporting to the organisation during the year?		✓			The audit manager reports on a quarterly basis to the ACGCs.	N/A	Agreed
TOTALS			19	0	0			

11	PERFORMANCE, QUALITY AND EFFECTIVENESS							
11.1	Principles of Performance, Quality and Effectiveness							
11.1.1	Is there an audit manual?	2040	✓			Internal audit manual last reviewed November 2011.	N/A	Agreed
11.1.2	Does the audit manual provide guidance on: a) carrying out day-to-day work? b) complying with the Code?	2040	✓			Internal audit manual.	N/A	Agreed
11.1.3	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	2040	✓			Reviewed at the end of each financial year, and at any point during the year when additions are made.	N/A	Agreed
11.1.4	Does the head of internal audit have arrangements in place to assess the performance and effectiveness of: a) each individual audit? b) the internal audit service as a whole?	1300 1310	✓			A quality assurance framework is in place.	N/A	Agreed
11.2	Quality Assurance of Audit Work							
11.2.1	Does the head of internal audit have a process in place to ensure that work is allocated to auditors who have the appropriate skills, experience and competence?	1200	✓			Please see section 1.3.1, 3.4.1 and 6.2.1. All staff have attained professional qualifications and have sufficient work experience to fulfil their roles.	N/A	Agreed
11.2.2	Does the head of internal audit have a process in place to ensure that all staff are supervised appropriately throughout all audits?	2000 2340	✓			Please see section 3.4.1, 6.2.1 and 8.2.3. Internal audit manual, quality assurance framework and monthly 1-2-1s.	N/A	Agreed
11.2.3	Does the supervisory process cover: a) monitoring progress? b) assessing quality of audit work? c) coaching staff?	2000 2340	✓			Please see section 3.4.1, 6.2.1 and 8.2.3. Internal audit manual, quality assurance framework and monthly 1-2-1s.	N/A	Agreed
11.3	Performance and Effectiveness of the Internal Audit Service							
11.3.1	Does the head of internal audit have a performance management and quality assurance programme in place?	1300 1310	✓			Please see section 8.2.3. Performance targets are set and approved at the same time as the annual audit plan, and performance against targets is reported to the ACGCs on a quarterly basis. User feedback is sought after each audit and responses are reported to the ACGCs within the annual report.	N/A	Agreed

11.3.2	<p>Does the performance management and quality assurance framework include as a minimum:</p> <p>a) a comprehensive set of targets to measure performance?</p> <p>i) which are developed in consultation with appropriate parties?</p> <p>ii) which are included in service level agreements, where appropriate?</p> <p>iii) against which the head of internal audit measures, monitors and reports appropriately on progress?</p> <p>b) user feedback obtained for each individual audit and periodically for the whole service?</p> <p>c) a periodic review of the service against the strategy and the achievement of its aims and objectives, the results of which are used to inform the future strategy?</p> <p>d) internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual?</p> <p>e) an action plan to implement improvements?</p>	1300 1310	✓			<p>Performance targets are set and approved at the same time as the annual audit plan, and performance against targets is reported to the ACGCs on a quarterly basis.</p> <p>User feedback is sought after each audit and responses are reported to the ACGCs within the annual report.</p> <p>Compliance with the Code is self-assessed every 3 years, and the findings are reported to the ACGCs within the annual report.</p>	N/A	Agreed
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11.3.3	Does the head of internal audit compare the performance and the effectiveness of the service over time, in terms of both the achievement of targets and the quality of the service provided to the user?	1300 1310	✓			The annual audit plan and annual report compares performance with the previous year. These documents are publically available on the internet from 2006/2007, and therefore any member of the public can assess our performance over time.	N/A	Agreed. It should be remembered that internal audit is a relatively small service with pressures to maximise its productive chargeable time. The management information provided by the audit manager is excellent for such a small team. Extensive analysis over time would be ott.
11.3.4	Do the results of the performance management and quality assurance programme evidence that the internal audit service is: a) meeting its aims and objectives? b) compliant with the Code? c) meeting internal quality standards? d) effective, efficient, continuously improving? e) adding value and assisting the organisations in achieving its objectives?	1300 1310	✓			Internal audit annual report.	N/A	Agreed
11.3.5	Does the head of internal audit report on the results of the performance management and quality assurance programme in the annual audit report?	1320	✓			Internal audit annual report.	N/A	Agreed
11.3.6	Does the head of internal audit provide evidence from his or her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?	1300 1310	✓			The CIPFA self assessment is made available to the head of finance, S151 officer, external audit and the ACGCs. Supporting evidence is made available to the head of finance, S151 officer and external audit.	N/A	Agreed
TOTALS			13	0	0			

REF	CIPFA STANDARD REQUIREMENT	IIA STANDARDS	YES	PARTIAL	NO	ACTIONS REQUIRED	S151 COMMENT
1	Scope of Internal Audit	1000, 1200, 2010, 2110 and 2120	8	0	0	None	No actions required
2	Independence	1000, 1100, 1110, 1120, 1130 and 2030	8	0	1	None	No actions required
3	Ethics for Internal Auditors	IIA CoE, 1120, 1130, 1200, 1210 and 2030	8	0	0	None	No actions required
4	Audit Committees	1111, 1320 and 2020	6	0	0	None	No actions required
5	Relationships	1000	10	0	0	None	No actions required
6	Staffing, Training and Continuing Professional Development	1200, 1210, 1230 and 2030	7	0	0	None	No actions required
7	Audit Strategy and Planning	2010 and 2020	11	0	0	None	No actions required
8	Undertaking Audit Work	1300, 1310, 2100, 2200, 2210, 2220, 2230, 2330 and 2340	10	0	0	None	No actions required
9	Due Professional Care	1200, 1220, 1300 and 2040	3	0	0	None	No actions required
10	Reporting	2060, 2400, 2410, 2420 and 2500	19	0	0	None	No actions required
11	Performance, Quality and Effectiveness	1200, 1300, 1310, 1320, 2000, 2040 and 2340	13	0	0	None	No actions required
TOTALS			103	0	1		

Audit Manager - 30/05/12
Head of Finance - 21/06/12
Section 151 Officer - 30/05/12
External Audit - 12/06/12