

Self-Assessment – Compliance with Code of Practice for Internal Audit in Local Government

Standard	Expected Assurance	Evidence/Self Assessment
1. Scope of Internal Audit		
1.1 Terms of Reference	<p>Do terms of reference:</p> <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (i) those charged with governance? (ii) 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? (h) explain how Internal Audit's 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 fulfill its responsibilities? <p>Does the Head of Internal Audit advise the organisation on the content and the need for subsequent review of the terms of reference?</p> <p>Have the terms of reference been formally approved by the organisation?</p>	<p>Terms of reference for Internal Audit are set out in the Council Constitution (section 6.2 of Standing Orders relating to Finance).</p> <p>Yes - The Head of Internal Audit is a member of the Constitution Review Working Party, which meets each year and provides an opportunity for any required changes to be discussed and put forward.</p> <p>The terms of reference for Internal Audit are formally approved by Full Council as part of the review of the Constitution.</p>

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	Are terms of reference regularly reviewed?	Annually, as part of the Constitution review.
1.2 Scope of Work	<p>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?</p> <p>Where services are provided in partnership has the Head of Internal Audit identified?</p> <p>(a) how assurance will be sought? (b) agreed access rights where appropriate?</p>	<p>Yes - see Internal Audit Strategy.</p> <p>a) Internal Audit provides assurance over key partnerships through inclusion of partnership reviews in its annual workplan.</p> <p>b) Procurement Standing Orders 1.15(d) provide a requirement for rights of access for audit purposes to be incorporated into all partnership agreements.</p>
1.3 Other Work	<p>Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the:</p> <p>(a) skills; and (b) resources</p> <p>to do this?</p> <p>Do the terms of reference define Internal Audit's role in: (a) fraud and corruption? (b) consultancy work?</p>	<p>Senior staff in Internal Audit team have received training in disciplinary investigations / investigative interviewing and are appropriately skilled to carry out fraud and corruption work.</p> <p>Involvement in consultancy work is usually restricted to advising on risk and control measures relating to the implementation of new systems and/or changes to existing systems. Responsibility for such consultancy work is allocated to staff that are appropriately experienced to carry out the work effectively.</p> <p>A contingency is built into the annual Audit Plan to allow for any unplanned consultancy / fraud and corruption work.</p> <p>Yes - see 6.2 of the Council Constitution.</p>
1.4 Fraud & Corruption	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?	<p>Yes - see the Council Constitution:</p> <ul style="list-style-type: none"> • SO's relating to Finance (Part 11) • Confidential Reporting Code • Anti-Fraud and Anti-Corruption Strategy • Fraud Response Plan

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2. Independence		
2.1 Principles of Independence	<p>Is Internal Audit:</p> <p>(a) independent of the activities it audits?</p> <p>(b) free from any non-audit (operational) duties?</p>	<p>Operational audit staff are free from any activities they audit. Involvement in the Bankline payments system is to transfer to the Financial Management Division as a result of the Efficiency Programme.</p> <p>The Head of Internal Audit role is to be undertaken by the Divisional Manager – Audit & Operational Finance. This position will also have line management responsibilities for other finance functions (Finance Support Services, Cashiers and Insurance). Independence will however be maintained in the following ways:</p> <ul style="list-style-type: none"> • The Divisional Manager – Audit & Operational Finance will not personally be involved in any internal audit reviews of any areas for which he / she is also responsible; • The S151 Officer will receive and respond to any internal audit reports covering the areas for which the Divisional Manager – Audit & Operational Finance is responsible; • The post of Divisional Manager – Audit & Operational Finance requires the postholder to be a qualified accountant. The CIPFA Standard of Professional Practice on Ethics requires members to uphold the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.
	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?	No - this issue is addressed by the terms of reference for Internal Audit.
2.2 Organisational independence	Does the status of Internal Audit allow it to demonstrate independence?	Yes - Internal Audit is recognised in the Council as being independent. Senior management support for the work of Internal Audit is evidenced by certain Internal Audit recommendations being discussed and endorsed by Management Team.
	Does the Head of Internal Audit have direct access to:- (a) Officers? (b) Members?	Yes - see terms of reference for IA.

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	Does the Head of Internal Audit report in his or her own name to Members and Officers?	Yes - see terms of reference for IA. All audit reports issued in the name of the Head of Internal Audit.
	(a) Is there an 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 Statement on Internal Control?	The Internal Audit budget is considered adequate to maintain organisational independence. Budgets for Internal Audit are not delegated to individual service level.
2.3 Status of the Head of Internal Audit	Is the Head of Internal Audit managed by a member of the corporate management team?	Yes - the Head of Internal Audit reports directly to the s151 officer.
2.4 Independence of Internal Audit Contractors	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?	Not applicable.
2.5 Declaration of Interest	Do Audit staff make formal declarations of interest?	Yes - periodically internal auditors are asked to inform the Head of Internal Audit of any potential conflicts of interests.
	Does the planning process take account of the declarations of interest registered by staff?	Yes - work is allocated to avoid any potential conflicts of interests arising where they are known.
3. Ethics for Internal Auditors		
3.1 Purpose	Does the Head of Internal Audit regularly remind staff of their ethical responsibilities?	This is achieved through the system to declare potential conflicts of interests.
3.2 Integrity	Has the Internal Audit team established an environment of trust and confidence?	Good relationships exist with colleagues, internal clients and external contacts.
	Do Internal Auditors demonstrate integrity in all aspects of their work?	Yes - there is no evidence of any auditors acting without integrity.

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3.3 Objectivity	Are Internal Auditors perceived as being objective and free from conflicts of interest?	<p>Yes - work is allocated to ensure that auditors are free from conflicts of interests.</p> <p>The scope of all audit work is agreed with the client, Principal Auditor and Head of Internal Audit, and is therefore unlikely to be influenced unduly by an individual.</p> <p>Quality control procedures would help identify judgements that could not be substantiated.</p>
	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?	No official policy determined as it has not been an issue.
	Are staff rotated on regular/annually audited areas?	<p>Yes - staff are periodically rotated within team in the office.</p> <p>Where practical, staff are rotated on regular audited areas.</p>
3.4 Competence	<p>Does the Head of Internal Audit ensure that staff have sufficient knowledge of:</p> <p>(a) the organisation's aims, objectives, risks and governance arrangements?</p> <p>(b) the purpose, risks and issues of the service area?</p> <p>(c) the scope of each audit assignment?</p> <p>(d) relevant legislation and other regulatory arrangements that relate to the audit?</p>	<p>Yes:</p> <p>(a) Staff are informed through a variety of means, which include 'In Touch', Core Brief, the Intranet, the Corporate Plan and the service planning process.</p> <p>(b) Service plans for each department are available on the Intranet. The corporate and directorate risk registers are also available on the Intranet.</p> <p>(c) The scope of each assignment is detailed in an Audit Brief that is discussed with the auditor completing the work.</p> <p>(d) Input into each audit is provided by the Principal Auditor and Head of Internal Audit. This helps ensure that staff are made aware of any relevant legislation and other regulatory arrangements that relate to the audit.</p>
3.5 Confidentiality	Do Internal Audit staff understand their obligations in respect to confidentiality?	Yes – all officers in Internal Audit are members of professional bodies and are aware of this requirement.

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4. Audit Committees		
4.1 Purpose of the Audit Committee	Does the organisation have an independent Audit Committee?	Yes - The Business Efficiency Board has been designated as the Council's Audit Committee.
4.2 Internal Audit's Relationship with the Audit Committee	Is there an effective working relationship between the Audit Committee and Internal Audit?	Yes - Internal Audit reports to most meetings of the Board.
	Does the Committee approve the Internal Audit Strategy and monitor progress?	Yes - the Internal Audit Strategy was approved by the Business Efficiency Board.
	Does the Committee approve the Annual Internal Audit Plan and monitor progress?	Yes - Quarterly progress reports are also taken to the Board to allow monitoring of Internal Audit work.
	Does the Head of Internal Audit: <ul style="list-style-type: none"> (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 fulfill 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? 	<ul style="list-style-type: none"> (a) Yes - see minutes of meetings. (b) No – the Committee is newly established and is not a dedicated Audit Committee. (c) Yes – IA strategy, plan and monitoring reports are presented to the Committee. (d) Yes - see Internal Audit progress reports. (e) Yes – requests for updates on particular issues are received from the Committee. (f) Yes
	Is there the opportunity for the Head of Internal Audit to meet privately with the Audit Committee?	Yes - at the Chairman's pre-meeting briefing.

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5. Relationships		
5.1 Principles of Good Relationships	<p>Is there a protocol that defines the working relationship for Internal Audit with:</p> <p>(a) management? (b) other Internal Auditors? (c) External Auditors? (d) other regulators and inspectors? (e) Elected Members?</p>	<p>The Constitution sets out the accountability and reporting arrangements of Internal Audit in terms of management and Elected Members.</p> <p>A joint working protocol exists in terms of the working relationship with External Audit.</p> <p>Internal Audit is part of two regional CIA groups (Greater Manchester and Merseyside), each of which has their own terms of reference.</p> <p>No defined protocol exists with other regulators and inspectors as any contact occurs on an ad hoc basis.</p>
5.2 Relationships with Management	Does the Head of Internal Audit seek to maintain effective relationships between Internal Auditors and managers?	Yes – a good relationship usually exists between Internal Audit and managers. However, where necessary, the Head of Internal Audit will contact managers to resolve any potential issues that could threaten that effective working relationship. The sorts of issues that occur tend to relate to the timing or depth of audit work to be completed.
	Is the timing of audit work planned in conjunction with management?	Where possible (see above). Terms of reference are issued for each audit setting out the timing of the work.
5.3 Relationships with other Internal Auditors	Do arrangements exist with other Internal Auditors that include joint working, access to working papers, respective roles and confidentiality?	This happens on a 'needs basis'. The Council recently completed a joint audit review with the Internal Audit team from St Helens Council.
5.4 Relationships with External Auditors	Is it possible for Internal Audit and External Audit to rely on each other's work?	Yes – External Audit rely on the work of Internal Audit for data quality and the main financial systems.
	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?	Yes
	Are the Internal and External Audit Plans co-ordinated?	Yes – consultation on the Audit Plan takes place each year.
5.5 Relationships with other Regulators & Inspectors	Has the Head of Internal Audit sought to establish a dialogue with the regulatory inspection agencies that interact with the organisation?	Dialogue would be sought if there were specific issues arising from inspection visits that were relevant to the work of IA.

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5.6	Relationships with Elected Members	Do the terms of reference for Internal Audit define the channels of communication with Members and describe how such relationships should operate?	Yes – see the Council Constitution (section 6.2. of SOs relating to Finance).
		Does the Head of Internal Audit maintain good working relationships with Members?	Yes – the reports from Internal Audit to the Business Efficiency Board result in significant debate and challenge.
6.	Staffing, Training & Continuing Professional Development		
6.1	Staffing Internal Audit	Is Internal Audit appropriately staffed (numbers, grades, qualifications, personal attributes and experience) to achieve its objectives and comply with these standards?	Yes – IPF benchmarking exercises suggest that the number of staff appears reasonable. The team is experienced and well qualified when compared to other unitary authorities.
		Does the Head of Internal Audit have access to appropriate resources where the necessary skills and expertise are not available with the Internal Audit team?	Yes - as required, additional computer audit expertise is bought in.
		Is the Head of Internal Audit professionally qualified and experienced?	Cipfa qualified (1993) with over 17 years audit experience.
		Does the Head of Internal Audit have wide experience of Internal Audit and management?	Yes - Head of Internal Audit has been in post for over seven years. Previous experience includes: <ul style="list-style-type: none"> • Two years as an Assistant Manager at KPMG; • Four years as a Group Auditor at a Metropolitan Council; • Four years as a Deputy Group Auditor at a Metropolitan Council.
		(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?	Yes - all job descriptions reviewed as part of the Efficiency Programme. Yes - all person specifications reviewed as part of the Efficiency Programme.
6.2	Training & Continuing Professional Development	(a) Has the Head of Internal Audit defined skills and competencies for each level of Auditor?	Basic skills and competencies set out in the person specification for each post.

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	(b) Are individual Auditors periodically assessed against these predetermined skills and competencies?	This is done as part of the initial recruitment process. The Employee Development Reviews (EDR) also provide a forum for identifying skills / training needs.
	(c) Are training or development needs identified and included in an appropriate ongoing development programme?	The EDR process is takes place every 6 months. This identifies ongoing training needs.
	(d) Is the development programme recorded, regularly reviewed and monitored?	Yes – EDR Action Plans are produced and monitored.
	Do individual Auditors maintain a record of their professional training and development activities?	Responsibility for maintaining a record of professional training and development activities is left to individual Auditors as part of their CPD.
7. Audit Strategy & Planning		
7.1 Audit Strategy	(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?	Yes Yes – the strategy was last updated in 2009.
	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 internally, externally or a mix of the two? (e) the resources and skills required to deliver the Strategy?	Yes Yes Yes Yes Yes
	Has the Strategy been approved by the Audit Committee?	Yes – last approved in February 2009.

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7.2 Audit Planning	Is there a risk based plan that is informed by the organisation's risk management, performance management and other assurance processes?	Yes – The audit planning process takes account of the risk management, performance management and other assurance processes, such as the CPA inspection and the work of the PPBs.
	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?	Yes – The risk management process at Halton is not considered sufficiently robust to dictate the entire Audit Plan. Elements of the plan are determined through IA risk assessment and consultation with Strategic Directors and the s151 Officer.
	Are stakeholders consulted on the Audit Plan?	Yes – the s151 officer, Chief Executive and all Strategic Directors are consulted on the content of the Audit Plan.
	Does the Plan demonstrate a clear understanding of the organisation's functions?	Yes – a review of the departmental service plans forms part of the Audit planning process.
	<p>Does the Plan:</p> <p>(a) cover a fixed period of no longer than one year?</p> <p>(b) outline the assignments to be carried out?</p> <p>(c) prioritise assignments?</p> <p>(d) estimate the resources required?</p> <p>(e) differentiate between assurance and other work?</p> <p>(f) allow a degree of flexibility?</p>	<p>Yes, IA works to a one-year plan.</p> <p>Yes</p> <p>Yes</p> <p>Yes – a resources statement is completed as part of the audit planning process.</p> <p>Yes</p> <p>Yes – a contingency is built into the plan to allow for any unplanned work that may occur during the year.</p>
	Is there an imbalance between the resources available and resources needed to deliver the Plan? Is the Audit Committee informed of proposed solutions?	There is no imbalance between resources available and resources needed. IPF benchmarking results suggest that the level of audit coverage provided is towards the top end of the spectrum for unitary authorities when compared to the Council's gross expenditure.
	Has the Plan been approved by the Audit Committee?	Yes – the plan is approved each year by the Business Efficiency Board).

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	If significant matters arise that jeopardise the delivery of the Plan, are these addressed and reported to the Audit Committee?	Yes – the Business Efficiency Board receives quarterly progress reports on performance against the Audit Plan. Any significant issues that jeopardise delivery of the plan are reported.
8. Undertaking Audit Work		
8.1 Planning	(a) Is a brief prepared for each audit? (b) Is the brief discussed and agreed with the relevant managers?	Yes Yes – a Terms of Reference based on the Audit Brief is issued to the manager of the area being audited.
	Does the brief set out: (a) objectives? (b) scope? (c) timing? (d) resources? (e) reporting requirements?	Yes
8.2 Approach	Is a risk based audit approach used?	Yes – Risks are identified as part of the pre-audit meeting and preparation of the Audit Brief.
	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	No, but this would happen as a matter of course should serious issues be identified in the course of the audit. The audit approach is that management should be kept informed of findings throughout the course of the audit so that there are no surprises.
	Does the audit approach include a quality review process for each audit?	Yes – Electronic working papers are subject to review by the Principal Auditor. Draft reports are reviewed by the Principal Auditor and Head of Internal Audit. Reports are not issued until all review points are cleared.
8.3 Recording Audit Assignments	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	Standardised electronic working papers are in use.
	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	Yes – this would be picked up as part of the management review process.

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	<p>Are working papers such that an experienced Auditor can easily:</p> <p>(a) identify the work that has been performed? (b) re-perform it if necessary? (c) see how the work supports the conclusions reached?</p>	Yes
	<p>Is there a defined policy for the retention of all audit documentation, both paper and electronic?</p>	<p>Audit reports are retained indefinitely.</p> <p>Audit working papers are retained for the current year plus one full year.</p>
	<p>Do all retention and access policies conform to appropriate legislation, i.e. Data Protection Act, Freedom of Information Act, etc., and any organisational requirements?</p>	Yes
	<p>Is there an access policy for audit files and records?</p>	Access to electronic records is restricted to IA staff.
<p>9. Due Professional Care</p>		
<p>9.2 Responsibilities of the Individual Auditor</p>	<p>Are there documents that set out the requirements on all Audit staff in terms of:</p> <p>(a) being fair and not allowing prejudice or bias to override objectivity? (b) declaring interests that could be perceived to be conflicting or could potentially lead to conflict? (c) receiving and giving gifts and hospitality from employees, clients, suppliers or third parties? (d) using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions? (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>As a member of a professional accountancy / audit body, this is an implicit expectation for all auditors.</p> <p>A procedure exists to declare all potential conflicts of interest. This is also a requirement of the Council's Employee Code of Conduct.</p> <p>This is covered by the Employee Code of Conduct and applies to all staff, not just Internal Audit staff.</p> <p>As a member of a professional accountancy / audit body, this is an implicit expectation for all auditors. Compliance with this requirement is also checked as part of each audit's quality assurance process.</p> <p>As a member of a professional accountancy / audit body, this is an implicit expectation for all auditors.</p>

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	(f) having sufficient knowledge to identify indicators that fraud or corruption may have been committed?	All auditors are aware that they need to be alert to the possibility of fraud when carrying out audit work. All auditors have also completed the Council's fraud awareness training.
	(g) disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice? (h) disclosing any non-compliance with these standards? (i) not using information they gain in the course of their duties for personal use?	As a member of a professional accountancy / audit body, this is an implicit expectation for all auditors. As a member of a professional accountancy / audit body, this is an implicit expectation for all auditors. As a member of a professional accountancy / audit body, this is an implicit expectation for all auditors. It is also covered by the Council's Employee Code of Conduct.
9.3 Responsibilities of the Head of Internal Audit	Has the Head of Internal Audit established a monitoring and review programme to ensure that due professional care is achieved and maintained?	Yes - this is achieved through the routine management procedures relating to the review of working papers / report.
	Are there systems in place for individual Auditors to disclose any suspicions of fraud, corruption or improper conduct?	Yes – there is an expectation that auditors would bring such matters to the attention of the Principal Auditor or Head of Internal Audit when discussing progress on the audit.
10. Reporting		
10.1 Principles of Reporting	Is an opinion on the control environment and risk exposure given in each audit report?	Yes – an Audit opinion forms part of the standard audit report template.
	Has the Head of Internal Audit determined the way in which Internal Audit will report?	Yes – a standardised reporting template is used which is subject to regular review / updating.
	Has the Head of Internal Audit set out the standards for Internal Audit reporting?	Yes
	Are there laid down timescales for reports to be issued?	Yes – draft reports to be issued within 15 days of the closure meeting at the end of the audit fieldwork.
10.2 Reporting on Audit Work	Do the reporting standards include: (a) format of the reports?	Yes – see standard template.

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	(b) quality assurance of reports? (c) the need to state the scope and purpose of the audit?	Yes – all audit reports are reviewed by the Principal Auditor and the Head of Internal Audit. The objectives and scope of the audit form part of the standard reporting template.
	(d) the requirement to give an opinion? (e) process for agreeing reports with the recipient? (f) an action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales? Does the audit reporting process include discussion and agreement of reports? Has the Head of Internal Audit determined a process for prioritising recommendations according to risk? Are areas of disagreement recorded appropriately? Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention of senior management? Is the circulation of each audit report determined when preparing the audit brief? (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?	Yes – an opinion is provided in the management summary. A closure meeting is held once the audit fieldwork to discuss the findings from the audit. A draft audit report is issued for consultation before a final report is issued containing the management responses to the recommendations made. Yes Yes – a draft report is issued for discussion purposes before a final report is agreed. Yes – recommendations are graded high, medium or low. A guide to the prioritisation of recommendations is included in the Action plan of each report. Where recommendations are not agreed, this is recorded in the Action Plan. If Internal Audit were not satisfied with the management response to the recommendations made, an additional comment would be provided in the overall opinion. Yes Yes – the distribution list is recorded on the Terms of Reference. Yes Yes

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	<p>Does the Head of Internal Audit have mechanisms in place to ensure that:</p> <p>(a) recommendations that have a wider impact are reported to the appropriate forums?</p>	<p>Recommendations that have a wider impact will be directed at the appropriate officer / forum.</p>
	<p>(b) risk registers are updated?</p>	<p>Where appropriate, recommendations will be made to include issues identified through audit work in the appropriate risk register.</p>
<p>10.3 Follow-up Audits & Reporting</p>	<p>Has the Head of Internal Audit defined the need for and the form or any follow-up action?</p>	<p>Yes – all audit reports are subject to follow up reviews.</p>
	<p>Has the Head of Internal Audit established appropriate escalation procedures for Internal Audit recommendations not implemented by the agreed date?</p>	<p>Yes – the findings of all follow up audits are reported to the Chief Executive, S151 Officer and the appropriate Strategic Director. Summary findings from follow up reports are also presented to the Business Efficiency Board.</p> <p>Appropriate mechanisms therefore exist to escalate action should significant recommendations not be implemented.</p>
	<p>Where appropriate, is a revised opinion given following a follow-up audit and reported to management?</p>	<p>Yes – standardised audit opinions have been introduced with a level of assurance being given. The opinion can therefore be updated following the findings of the follow up review.</p>
	<p>Are the findings of audits and follow-ups used to inform the planning of future audit work?</p>	<p>Yes – audit areas where recommendations are not implemented will be considered higher risk.</p>
<p>10.4 Annual Reporting & Presentation of Audit Opinion</p>	<p>Does the Head of Internal Audit provide an annual report to support the Statement on Internal Control (Annual Governance Statement)?</p>	<p>An Annual Internal Audit report is produced and presented to the Business Efficiency Board. The report forms one part of the assurance re the Annual Governance Statement.</p>
	<p>Does the Head of Internal Audit's annual report:</p> <p>(a) include an opinion on the overall adequacy and effectiveness of the organisation's control environment?</p>	<p>Yes</p>

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	(b) disclose any qualifications to that opinion, together with the reasons for the qualification?	Yes
	(c) present a summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies?	Yes
	(d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Statement on Internal Control (Annual Governance Statement)?	Yes
	(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?	Yes
	(f) comment on compliance with the standards of the Code?	Yes
	(g) communicate the results of the Internal Audit quality assurance programme?	Yes
	Has the Head of Internal Audit made provision for interim reporting to the organisation during the year?	Quarterly progress reports are reported to the Business Efficiency Board.
11. Performance, Quality & Effectiveness		
11.1 Principles of Performance, Quality & Effectiveness	Is there an audit manual?	Yes
	Does the audit manual provide guidance on: (a) carrying out day-to-day audit work? (b) complying with the Code?	Yes Yes
	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	The Audit Manual is subject to periodic review.

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	<p>Does the Head of Internal Audit have arrangements in place to assess the performance and effectiveness of:</p> <p>(a) each individual audit?</p>	<p>Yes – post audit questionnaire completed by the audit client.</p>
	<p>(b) the Internal Audit service as a whole?</p>	<p>Yes - Performance indicators established for Internal Audit and reported to the Corporate Services PPB and Business Efficiency Board.</p> <p>Internal Audit also participates in the IPF Audit Benchmarking exercises each year.</p>
<p>11.2 Quality Assurance of Audit Work</p>	<p>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?</p>	<p>Work is allocated to individual auditors by the Principal Auditors. The allocation of work reflects the appropriate skills, experience and competence of individuals.</p> <p>There is some flexibility of staff between the audit teams which allows work to be allocated to the most appropriate persons.</p>
	<p>Does the Head of Internal Audit have a process in place to ensure that all staff are supervised appropriately throughout all audits?</p>	<p>This is achieved through line management arrangements. The respective Principal Auditors are responsible for ensuring that each auditor receives appropriate supervision at all times.</p>
	<p>Does the supervisory process cover:</p> <p>(a) monitoring progress?</p> <p>(b) assessing quality of audit work?</p> <p>(c) coaching staff?</p>	<p>Regular 'one to one' meetings are held between the Principal Auditor and each auditor to monitor progress against each audit.</p> <p>Quality of work is monitored through report and file review for each piece of work.</p> <p>Coaching of staff occurs as required. As the team is relatively small, Principal Auditors and the Head of Internal Audit are easily accessible to provide coaching as required.</p>

Standard	Expected Assurance	Evidence/Self Assessment
11.3 Performance & Effectiveness of the Internal Audit Service	Does the Head of Internal Audit have a performance management and quality assurance programme in place?	<p>Yes – performance targets are set individually for each auditor and performance is reviewed at the monthly ‘one to one’ meetings between the Head of Internal Audit and the Principal Auditors.</p> <p>The performance of the section as a whole is discussed at the regular Audit Management Team meetings.</p> <p>Quality assurance on individual audit reviews is ensured by the draft report being reviewed by the Principal Auditors and Head of Internal Audit. Audit files are reviewed by the Principal Auditors.</p>
	<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>Yes. IA reports to the Corporate Services PPB on the following indicators:</p> <ul style="list-style-type: none"> - percentage of draft reports issued within 15 days of completing audit fieldwork; - percentage of schools requesting IA to undertake the FMSiS external assessment; - whether or not External Audit can place reliance on the work of Internal Audit. <p>PIs were developed in consultation with S151 officer.</p> <p>SLAs not yet established, although reference to the issuing of reports within 15 days is included in the Audit Charter.</p> <p>Head of Internal Audit reports quarterly to Corporate Services PPB. The indicators are also discussed at the monthly GA meetings.</p> <p>User feedback is sought at the conclusion of each audit review.</p> <p>Yes- this is incorporated into the service planning and audit planning processes.</p> <p>Yes – periodic self-assessments against the Code are undertaken.</p>

Standard	Expected Assurance	Evidence/Self Assessment
	<p>(e) an action plan to implement improvements?</p> <p>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?</p>	<p>The Financial Services Service Plan makes reference to particular developments to improve service delivery.</p> <p>This is done on an ongoing basis – see progress statements, PI data and minutes of the Audit Management Team meetings.</p>
	<p>Do the results of the performance management and quality assurance programme evidence that the Internal Audit service is:</p> <p>(a) meeting its aims and objectives?</p> <p>(b) compliant with the Code?</p> <p>(c) meeting internal quality standards?</p> <p>(d) effective, efficient, continuously improving?</p> <p>(e) adding value and assisting the organisation in achieving its objectives?</p> <p>Does the Head of Internal Audit report on the results of the performance management and quality assurance programme in the annual audit report?</p> <p>Does the Head of Internal Audit provide evidence from his or her review of the performance and quality on the Internal Audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of Internal Audit?</p>	<p>Yes – External Audit is able to place reliance on the work of IA.</p> <p>Yes – substantial compliance</p> <p>Yes – audit working papers should demonstrate through file and report review that internal quality standards have been met.</p> <p>Yes – benchmarking exercises are undertaken annually to compare respective costs and performance.</p> <p>Improvements are made continuously to make the service more effective and efficient, e.g. increased use of laptops / electronic working papers, combining school audits with FMSiS assessments etc.</p> <p>Yes – the construction of the Audit Plan takes account of the Council’s objectives. The focus of IA’s work is therefore aligned to the objectives of the organisation.</p> <p>Yes</p> <p>Yes</p>