

**CHECKLIST – COMPLIANCE WITH THE CODE 2007/08**

Please tick to indicate Y = YES, P = PARTIAL, N = NO. Where 'partial' or 'no', you should give reasons for any non-compliance, and any compensating measures in place or actions in progress to address this.

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
1	SCOPE OF INTERNAL AUDIT				
1.1	Terms of Reference				Charter For Internal Audit – Rochford District Council (Copy Enclosed).
1.1.1	Do terms of reference:				(Note The Audit Charter provides evidence for Section 1.1.1 except where stated)
	(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:	✓			
	(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?	✓			Also included in RDC Constitution
	(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?		✓		Audit Reports, made to the Audit Committee, detail individual audit projects & recommendations and progress of the Audit Plan in an ongoing basis. A formal Audit Opinion on adequacy of the systems of internal control within the Authority will be included with the Annual Governance Statement by the Audit & Performance Manager (APM) with effect from 2007/08
	(g) Define the role of Internal Audit in any fraud-related or consultancy work (see also 1.3.2)?	✓			Involvement in fraud investigation work is also covered within the Anti-Fraud & Corruption Policy and Whistle Blowing Policy (Copies included in Evidence)
	(h) Explain how Internal Audit's resource requirements will be assessed?	✓			

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(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?		✓		Reference made in respect of Partnership Organisations where terms of partnership permit access to records etc  Auditors have I/D signed by Chief Executive confirming access rights ( <i>Copy of Rear of Card Held</i> )  Access rights are detailed in RDC Constitution Part 4 Section 17.2
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?	✓			Annual review Introduced from 2007/08
1.1.3	Have the terms of reference been formally approved by the organisation?	✓			Current version approved by Members 12/7/2007
1.1.4	Are terms of reference regularly reviewed?	✓			Procedures for annual review agreed by members 12/7/07, together with the continued approach to the Annual review of Effectiveness of Internal Audit
<b>1.2</b>	<b>Scope of Work</b>				
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?		✓		"Risk" areas determine focus of Audit Plan and priority is given to "Managed Audit" areas under jurisdiction of External Auditor.  Significant time is allocated to auditing of BVPI and key Local Performance Indicators.  A data quality strategy action plan has been adopted
1.2.2	Where services are provided in partnership has the Head of Internal Audit identified:	**	**	**	Not Applicable
	(a) How assurance will be sought?				
	(b) Agreed access rights where appropriate?	**	**	**	Not Applicable
<b>1.3</b>	<b>Other Work</b>				
1.3.1	Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the:  (a) Skills, and		✓		Principal Auditor has past experience in external organisations with involvement in such matter, particularly fraud investigations. Investigation procedure notes are in course of production

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	(b) Resources to do this?	✓			An element of Contingency Time is built into the Annual Audit Plan  Copy of Audit Plan Approval Held as Example (See Section 7)
1.3.2	Do the terms of reference define Internal Audit's role in: (a) Fraud and corruption?	✓			See 1.1.1(g) above
	(b) Consultancy work?	✓			See 1.1.1(g) above
<b>1.4</b>	<b>Fraud and Corruption</b>				
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?	✓			Set up following a recommendation arising from the 2006/07 Anti-Fraud and Corruption Review (Example of Request is included in evidence)
<b>2</b>	<b>INDEPENDENCE</b>				
<b>2.1</b>	<b>Principles of Independence</b>				
2.1.1	Is Internal Audit: (a) Independent of the activities it audits?	✓			Audit Charter.
	(b) Free from any non-audit (operational) duties?	✓			No operational duties within day-to-day role undertaken
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?			✓	Audit Charter allows that Internal Audit <u>may</u> review systems under development and advise on appropriate controls without prejudicing the right to subsequently audit such systems. For Example Internal Audit had an overview role in the installation of the DIMENSIONS Finance System but has raised operational recommendations arising from use of the system  <b>"No" in this case is not viewed as a deficiency</b>

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2.2	Organisational Independence				
2.2.1	Does the status of Internal Audit allow it to demonstrate independence?	✓			No operational work is carried out by Internal Audit staff  Audit Charter and Constitution permits access to Audit Committee or Council in consultation with the Monitoring Officer
2.2.2	Does the Head of Internal Audit have direct access to: (a) Officers?	✓			No restrictions within Organisation.
	(b) Members?	✓			Audit Charter and Constitution permits access to Audit Committee or Council in consultation with the Monitoring Officer
2.2.3	Does the Head of Internal Audit report in her own name to members and officers?		✓		RDC protocol details Head of Service as ultimate “owner” of reports, HFAPM in the case of Audit Reports. Internal Audit reports are produced under responsibility of APM
2.2.4	(a) Is there an assessment that the budget for Internal Audit is adequate?	✓			Work programme is completed. No budget deficits with APM.
	(b) Does any budget delegated to service areas ensure that:  (i) Internal Audit adherence to the Code is not compromised?	✓			Service Area budgets are not considered as part of Audit planning process. No part of APM budget funds any other Service area.
	(ii) The scope of Internal Audit is not affected?	✓			Service Area budgets are not considered as part of Audit planning process. No part of APM budget funds any other Service area.
	(iii) Internal Audit can continue to provide assurance for the Statement on Internal Control? (WEF 2007/08 – Annual Governance Statement replaces SIC)	✓			Service Area budgets are not considered as part of Audit planning process. No part of APM budget funds any other Service area.

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2.3	Status of the Head of Internal Audit				
2.3.1	Is the Head of Internal Audit managed by a member of the corporate management team?	✓			<p>Reporting Line is via Head of Finance, Audit &amp; Performance Management (HAFPM). Structure Chart held in evidence</p> <p>Reports are issued to Corporate Executive and s.151 Officer (Recent e-mail included as evidence)</p> <p>APM work is dependent on Audit Plan, including unplanned items within Contingency.</p>
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?	**	**	**	Not Applicable
2.5	Declaration of Interest				
2.5.1	Do audit staff make formal declarations of interest?	✓			Part of normal recruitment role for relevant staff. Requirements are determined in line with HR policies. Confidential documents held by HR.
2.5.2	Does the planning process take account of the declarations of interest registered by staff?	✓			Bearing in mind the declaration referred to at 2.5.1 the onus is on each member of staff to declare any interest in any particular area.
3	ETHICS FOR INTERNAL AUDITORS				
3.1	Purpose				
3.1.1	Does the Head of Internal Audit regularly remind staff of their ethical responsibilities?	✓			<p>"Ethics And You – A Guide to the CIPFA Standard of Professional Practice on Ethics (June 2006)" is periodically circulated. (Copy of latest circulation sheet is held as evidence)</p> <p>Base document that contains Ethical responsibilities is Code of Practice For Internal Audit in Local Government in the United Kingdom 2006 (CIPFA) (A copy of Standard 3 is included in evidence)</p>

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
<b>3.2</b>	<b>Integrity</b>				
3.2.1	Has the Internal Audit team established an environment of trust and confidence?	✓			Biennial Audit Surveys (General Survey 2006) with no responses worse than "Good" (Next Survey is not due until late 2008) (See Section 11)
3.2.2	Do internal auditors demonstrate integrity in all aspects of their work?	✓			Audit Surveys (General [Q14] and Post-Audit [Q1.3]) (See Section 11)
<b>3.3</b>	<b>Objectivity</b>				
3.3.1	Are internal auditors perceived as being objective and free from conflicts of interest?	✓			Staff are required to comply with CIPFA guidance, which includes a code of conduct. Objectivity is included under Ethics for Internal Auditors  Positive response in General Satisfaction and Post Audit Surveys. (See Section 11)
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?	**	**	**	Not Applicable for 2007/08. All Internal Audit Staff (2007/08) were recruited from outside of RDC.
3.3.3	Are staff rotated on regular/annually audited areas?		✓		Rotation policy in place as much as possible but also aware of need for consolidation of training. Normally two years is allowed on each project.  However, staff turnover and vacancies have impacted on this policy, particularly during 2007/08, when there was an unfilled post until late November. (History of audit allocations included as evidence)

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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?	✓			Regular team meetings on structured agenda. The Core Brief consisting of centrally issued information of a Corporate nature is a standing agenda item.  Feedback is provided on all courses, working groups, seminars and meetings attended by relevant team members. Minutes of meeting circulated to be seen by all staff within Internal Audit and by HFAPM.  (Copies of an Agenda & Minutes are included in Evidence)
	(b) The purpose, risks and issues of the service area?	✓			Periodic review of Internal Audit Risk Register. (Copy of Risk Register included in evidence) Day to day involvement and regular meetings, PDR requirements etc
	(c) The scope of each audit assignment?	✓			Audit Brief forms initial planning phase of each audit. Brief prepared by Auditor and agreed by APM (See Section 8.1)
	(d) Relevant legislation and other regulatory arrangements that relate to the audit?	✓			Items discussed as issues come to light.  Changes in legislation within Service Areas would form part of pre-Audit discussions with Line Managers and Heads of Service.
3.5	Confidentiality				
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?	✓			Detailed within Audit Charter and relevant Codes of Conduct. (Extract from CIPFA COP enclosed in Evidence)
4	AUDIT COMMITTEE				
4.1	Purpose of the Audit Committee				
4.1.1	Does the organisation have an independent Audit Committee?	✓			Created following Organisation Review on 1/4/06. (An extract from CMIS detailing Terms of reference for Audit Committee 2007/08 is included as evidence)

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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?	✓			<p>There are six scheduled sittings of the Audit Committee during 2007/08, all with Internal Audit participation. Dates are 10/4/07, 6/6/06 (SIC Based for 2006/07 financial year), 12/7/06, 25/9/06, 10/1/08 and 180/3/07.</p> <p>A Meeting is often held with Chair of Audit Committee prior to actual date of Committee Meeting.</p>
4.2.2	Does the committee approve the Internal Audit strategy and monitor progress?	✓			<p>The Annual Audit Plan is approved by the Audit Committee and there are scheduled half-year progress reports on progression of Plan (See Section 7)</p>
4.2.3	Does the committee approve the annual Internal Audit plan and monitor progress?	✓			<p>See Section 7.2 for Audit Plan approval process.</p> <p>Copy of Progress Report to Audit Committee 10/4/07 held in evidence together a report request approval for a revision to the plan as a result of an unfilled post (25/9/07)</p>
4.2.4	Does the Head of Internal Audit (APM):	✓			<p>In addition to APM there is normally a Principal Auditor in attendance and normally HFAPM. (Several Copy Minutes and reports are held as examples for different elements of the self-assessment)</p>
	(a) Attend the committee and contribute to its agenda?				
	(b) Participate in the committee's review of its own remit and effectiveness?			✓	<p>Members operate a Review Committee that monitors effectiveness of relevant Committees (<i>Terms of Reference Held</i>)</p> <p>Not an Internal Audit Function.</p>
	(c) Ensure that the committee receives and understands documents that describe how Internal Audit will fulfil its objectives?	✓			<p>All reports are sent to Committee Members in advance of meeting and are introduced on the night by APM. The Chair of Committee often meets with HFAPM and/or APM in advance of meeting and Members raise questions at Committee.</p> <p>The Audit Charter (Reviewed Annually) and Annual Audit Plan in place</p>



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	(d) Report on the outcomes of Internal Audit's work to the committee?	✓			Copy of Audit Report 10/1/08 is held as an example of ongoing reporting procedures (See Section 10)
	(e) Establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa?	**	**	**	No requirement in 2007/08. Any changes would be minuted in Committee records.
	(f) Present the Annual Internal Audit report to the committee?		✓		<p>No specific Annual Audit report prior to 2007/08 with an overall Audit Opinion on the control environment. Periodic Audit Reports detail individual audit projects, outcomes &amp; progress of recommendations throughout the Municipal Year.</p> <p>For 2007/08 an Audit Opinion will be included in the Annual Governance Statement and be presented by the APM</p> <p>Audit Plan Progress reports are made on half-year basis to Audit Committee with an Audit Plan revision approved in September 2007</p>
4.2.5	Is there the opportunity for the Head of Internal Audit to meet privately with the Audit Committee?	✓			Opportunity for APM, in conjunction with Monitoring Officer, to report independently to Audit Committee (or Full Council) is established within the Audit Charter and the Constitution
<b>5</b>	<b>RELATIONSHIPS</b>				
<b>5.1</b>	<b>Principles of Good Relationships</b>				
5.1.2	Is there a protocol that defines the working relationship for Internal Audit with:	✓			<p>Formal working relationships during audits are covered within the Audit Charter</p> <p>However it is "unwritten policy" to develop a good working relationship at all times so as to encourage contact with Internal Audit for guidance or advice on a range of matters. This is reflected within outcome of General Satisfaction Survey 2006 (See Section 11)</p>
	(a) Management?				
	(b) Other internal auditors?	**	**	**	Not Applicable

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	(c) External auditors?		✓		Nothing formal is documented in the way of a protocol but expected extent of reliance on Internal Audit's work is included in the Annual Inspection Letter. Quarterly, minuted meetings are held to ensure working practices assist the External Auditors in their systems work. <i>(See 5.4.2 below)</i>
	(d) Other regulators and inspectors?			✓	No formal protocol. But Internal Audit would fully co-operate and assist if required. APM was interviewed as part of the IIP re-inspection.
	(e) Elected members?	✓			Audit reporting to Members is covered within the Audit Charter and Constitution  A Protocol on Officer/Member relationships is detailed within the Constitution (Extract of relevant protocol from Constitution is included in Evidence)
<b>5.2</b>	<b>Relationships with Management</b>				
5.2.1	Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers?	✓			General Audit Survey 2006. <i>(See Section 11)</i>
5.2.2	Is the timing of audit work planned in conjunction with management?		✓		Actual start dates of audit projects are normally agreed with relevant Heads of Service.  The Performance Indicator audit is scheduled to meet production deadlines for Performance Plan and Corporate Plans
<b>5.3</b>	<b>Relationships with Other Internal Auditors</b>				
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?		✓		APM attends Essex Audit Group forum. Full range of Audit issues discussed. Meeting is minuted and a copy from a meeting is held as evidence. Whilst no formal joint working is in place the Group acts as a forum to share Best Practice <i>(Copy of an Agenda and a set of minutes is held as evidence)</i>  A relationship is being established with Basildon DC with the aim of utilising specialist skills to support Internal Audit assurance at Rochford

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5.4	<b>Relationships with External Auditors</b>				
5.4.1	Is it possible for Internal Audit and External Audit to rely on each other's work?	✓			The Work Plan structure effectively means External Auditor reliance on RDC work rather than in other direction. Opinion of Reliance on Internal Audit work is provided in "Report of the auditor to those charged with governance 2006/07" reported to Members September 2007 stating that "maximum reliance" could be placed on Internal Audit's work (Copy of relevant section is enclosed).
5.4.2	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?	✓			Quarterly meetings encompassing all aspects of Finance, Audit & performance management have been established during 2007/08 (Minutes of Meeting 24/10/07 held as evidence)
5.4.3	Are the internal and external audit plans co-ordinated?	✓			Managed Audit requirements in place. Timescale for completion of External Audit work plan is known (Copy of PKF Annual Audit & Inspection Plan enclosed as evidence)
5.5	<b>Relationships with Other Regulators and Inspectors</b>				
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?			✓	No specific proactive involvement. Would receive feedback on outcome of meetings that officers attend.
5.6	<b>Relationships with Elected Members</b>				
5.6.1	Do the terms of reference for Internal Audit define the channels of communication with members and describe how such relationships should operate?	✓			See Audit Charter and Constitution
5.6.2	Does the Head of Internal Audit maintain good working relationships with members?	✓			No negative issues have been raised
6	<b>STAFFING, TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT</b>				
6.1	<b>Staffing Internal Audit</b>				
6.1.1	Is Internal Audit appropriately staffed (numbers, grades, qualifications, personal attributes and experience) to achieve its objectives and comply with these standards?	✓			Resourcing is appropriate to the size of the Authority and is comparable to peer authorities. Restructure approved in 2007/08 to create a Trainee Auditor post

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					after being unable to fill a vacant Principal Auditor post with a suitable candidate  Although qualifications are desirable great reliance is placed on Audit experience
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?	✓			Potential exists to import skills from other Authorities subject to approval (for Example specialist IT Audit expertise has been discussed with Basildon DC).  External training or that provided by other Service Areas is used when suitable opportunities appear. (For example attendance at recent awareness training for Local Housing Allowance)
6.1.3	Is the Head of Internal Audit professionally qualified and experienced?	✓			CIPFA 22/4/1994
6.1.4	Does the Head of Internal Audit have wide experience of internal audit and management?	✓			Career within Internal Audit within local authority environment
6.1.5	(a) Do all internal audit staff have up-to-date job descriptions?	✓			Audit & Performance Manager (Post 10500A)  Principal Auditor (Post 10510)  Trainee Auditor (Post 10505)  Copies of Job Descriptions held
	(b) Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for internal audit staff?	✓			All RDC jobs use Person Specifications etc. Competencies were rolled out during 2006/07 as part of the PDR process.  Internal audit is trialling use of CIPFA Internal Audit competencies during 2007/08
<b>6.2</b>	<b>Training and Continuing Professional Development</b>				
6.2.1	(a) Has the Head of Internal Audit defined the skills and competencies for each level of auditor?	✓			Contained within the Person specification for each job role (Principal Auditor Personnel Specification held as evidence)

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	(b) Are individual auditors periodically assessed against these predetermined skills and competencies?	✓			CIPFA Internal Auditor Self-assessment competencies adopted as a trial as part of PDR process instead of generic RDC Competencies  Areas for development reviewed at Interim PDR  Initial run & interim review included as evidence
	(c) Are training or development needs identified and included in an appropriate ongoing development programme?	✓			Part of annual PDR process ( <i>Example Held fro Principal Auditor</i> )  If a suitable training opportunity becomes available it is normally taken. For example a place became available on a training session relation to the new Local Housing Allowance that will impact on Housing benefits audit work.
	(d) Is the development programme recorded, regularly reviewed and monitored?	✓			Part of annual PDR process
6.2.2	Do individual auditors maintain a record of their professional training and development activities?	✓			Record Cards held – Introduced during 2006/07 (Example held)
<b>7</b>	<b>AUDIT STRATEGY AND PLANNING</b>				
<b>7.1</b>	<b>Audit Strategy</b>				
7.1.1	(a) Is there an internal audit strategy for delivering the service?	✓			This is covered within the Audit Charter
	(b) Is it kept up to date with the organisation and its changing priorities?		✓		Revised for 2007/08 with an annual review thereafter
7.1.2	Does the strategy include:	✓			Contained within Audit Charter
	(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?	✓			Contained within Audit Charter

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	(c) How Internal Audit's work will identify and address local and national issues and risks?		✓		No specific strategy detailed to precisely address the question. Part of role is involvement with auditing Performance Indicators and understanding Best Value and developing Value for Money requirements.  Statutory requirements in service areas would be addressed as part of the Audit Approach for each project.
	(d) How the service will be provided, i.e. internally, externally, or a mix of the two?	**	**	**	Internal function only
	(e) The resources and skills required to deliver the strategy?	✓			APM responsibility
7.1.3	Has the strategy been approved by the Audit Committee?	✓			Revised Audit Charter was approved by Members in July 2007 with a requirement for ongoing annual review  Audit Plan is approved annually by Members
<b>7.2</b>	<b>Audit Planning</b>				<b>2007/08 Audit Plan Report &amp; Approval (Minutes) held in evidence Audit Committee 10/4/07</b>
7.2.1	Is there a risk-based plan that is informed by the organisation's risk management, performance management and other assurance processes?		✓		Audits are risk based and pre-audit assessments are made to determine risk environment and performance. Several "Core" audits deal with, but are not limited to, significant risks identified by the External Auditors (Example of External Auditor Requirement for one core area is held as evidence)  Risk-management process is still embedding within the Authority
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?	✓			Part of pre-audit process
7.2.3	Are stakeholders consulted on the audit plan?	✓			Heads of Service views are sought on proposed Audit Plan. This is detailed within Audit Charter See Section 1.1
7.2.4	Does the plan demonstrate a clear understanding of the organisation's functions?	✓			Plan seeks to ensure cross-Division boundaries and is not limited to financial risks or procedures

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7.2.5	Does the plan:				See Report Held Under 7.2
	(a) Cover a fixed period of no longer than one year?	✓			
	(b) Outline the assignments to be carried out?	✓			
	(c) Prioritise assignments?	✓			Core Audits as identified by External Auditor are highlighted
	(d) Estimate the resources required?	✓			Man-day estimates included. Detailed within an ongoing monitoring process for time expended
	(e) Differentiate between assurance and other work?	✓			All planned audit work is detailed
	(f) Allow a degree of flexibility?	✓			Contingency element included in Audit Plan
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?	✓			<p>The Audit Charter details the requirements If a situation arose where significant variation from the Audit Plan was required then this would be placed before the Audit Committee. This in fact happened during 2007/08 and the Audit Committee approved a revised Audit Plan in September 2007.</p> <p>As a matter of course there are half-year progress reports made to the Audit Committee</p>
7.2.7	Has the plan been approved by the Audit Committee?	✓			Revised 2007/08 Audit Plan was approved by Members 25/9/07 (Minutes and Report held)
7.2.8	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the Audit Committee?	✓			See 7.2.6 above with priority given to addressing core audits as identified by External auditors.
<b>8</b>	<b>UNDERTAKING AUDIT WORK</b>				
<b>8.1</b>	<b>Planning</b>				
8.1.1	(a) Is a brief prepared for each audit?	✓			Standard format used. See 8.3.1 below (Example of Brief held as evidence)

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	(b) Is the brief discussed and agreed with the relevant managers?	✓			If not discussed they are certainly sent a copy in advance when confirming proposed start dates and given an opportunity to challenge or request additional work outside of the brief.
8.1.2	Does the brief set out:	✓			
	(a) Objectives?	✓			
	(b) Scope?	✓			
	(c) Timing?	✓			Not specifically detailed in Audit Brief but is in covering memo that is sent to HoS and relevant line managers as part of pre-audit notifications. Timings are also detailed in Audit Plan (Example of memo included in evidence)
	(d) Resources?	✓			Detailed in covering memo and Audit Plan
	(e) Reporting requirements?	✓			Included in Audit Brief (wef 2007/08) and in Audit Charter
<b>8.2</b>	<b>Approach</b>				
8.2.1	Is a risk-based audit approach used?	✓			See 7.2.1 above
8.2.2	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	✓			WEF 2007/08 – detailed in Audit Brief & Audit Charter
8.2.3	Does the audit approach include a quality review process for each audit?	✓			All audits are reviewed by APM. Checklists for QA are now built into the audit paperwork from 2007/08. These include Audit Manager review and areas to record feedback from Auditees, Executive and Audit Committee. (See Section 11)
<b>8.3</b>	<b>Recording Audit Assignments</b>				
8.3.1	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	✓			All Auditors operate to a standard pack of Audit Working Papers. (Outline procedures are included in evidence)
8.3.2	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	✓			All audits are reviewed by APM. Post audit surveys are requested from Heads of service and relevant Line Managers. (See Section 11)



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8.3.3	Are working papers such that an experienced auditor can easily: (a) Identify the work that has been performed?	✓			External Auditor Reliance on work & Review by APM (See 5.4.1 above)
	(b) Re-perform it if necessary?	✓			External Auditor Reliance on work & Review by APM (See 5.4.1 above)
	(c) See how the work supports the conclusions reached?	✓			External Auditor Reliance on work & Review by APM (See 5.4.1 above)
8.3.4	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	✓			Audit investigations are referred to within the RDC Records Disposal Guidelines (Copy enclosed)
8.3.5	Do all retention and access policies conform to appropriate legislation, i.e. Data Protection Act, Freedom of Information Act, etc and any organisational requirements?	✓			Corporate Policy to meet relevant legislation
8.3.6	Is there an access policy for audit files and records?		✓		No formal policy but documentation easily retrievable within Audit environment  Confidentiality issues would be taken into consideration.
<b>9</b>	<b>DUE PROFESSIONAL CARE</b>				
<b>9.2</b>	<b>Responsibilities of the Individual Auditor</b>				
9.2.1	Are there documents that set out the requirements on all audit staff in terms of: (a) Being fair and not allowing prejudice or bias to override objectivity?	✓			Specified within the following Code of Practice For Internal Audit in Local Government in the United Kingdom 2006 (CIPFA) [Standard 9 – Copy enclosed]  Ethics And You – A guide to the CIPFA Standards of Professional Practice on Ethics (June 2006)  See also Section 3 above

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(b) Declaring interests that could be perceived to be conflicting or could potentially lead to conflict?	✓			Corporate approach followed in addition to CIPFA Code of Practice (See e-mail)  A revised Officer Code of Conduct was introduced in April 2007 (Updated December 2007), which required signing by each officer to acknowledge agreement
	(c) Receiving and giving gifts and hospitality from employees, clients, suppliers or third parties?	✓			See 9.2.1(b) above
	(d) Using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions?	✓			All conclusions are supported by detailed working papers and reviewed by APM
	(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?	✓			Audit Commission Fraud & Corruption Manual (Checklist review completed annually as part of Annual Audit Plan) (Section relating to Internal Audit from 2007/08 Audit included as evidence)  Internally created Fraud issues File maintained by Principal Auditor  Acquired documentation from relevant sources or networking, such as Essex Audit Group circulated within Team as appropriate  Ad Hoc in-house training as appropriate
	(f) Having sufficient knowledge to identify indicators that fraud or corruption may have been committed?	✓			See 9.2.1 (e)
	(g) Disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice?	✓			See 9.2.1 (a)
	(h) Disclosing any non-compliance with these standards?	✓			See 9.2.1 (a)
	(i) Not using information they gain in the course of their duties for personal use?	✓			See 9.2.1 (a)
<b>9.3</b>	<b>Responsibilities of the Head of Internal Audit</b>				
9.3.1	Has the Head of Internal Audit established a monitoring and review programme to ensure that due professional care is achieved and maintained?	✓			All Audit Working Papers reviewed by APM for each audit project as a matter of procedure. Discussed with relevant Auditor prior to issue of Audit Report.

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
					All post-audit survey responses reviewed by APM (Example held see Evidence Section 11)
9.3.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	✓			Reporting procedures in respect of outcomes of audit projects are detailed within the Audit Charter  RDC has a regularly reviewed Whistle Blowing Policy in conjunction with the Anti-Fraud & Corruption Policy. (See Section 1)
<b>10</b>	<b>REPORTING</b>				
<b>10.1</b>	<b>Principles of Reporting</b>				
10.1.1	Is an opinion on the control environment and risk exposure given in each audit report?	✓			No specific Value-Judgement given. Each report is a factual review of the effectiveness of controls and procedures at time of review. An Audit Opinion will be given as part of the Annual Governance Statement
10.1.2	Has the Head of Internal Audit determined the way in which Internal Audit will report?	✓			Audit Working Procedures See 8.3.1 Also detailed within Audit Charter
10.1.3	Has the Head of Internal Audit set out the standards for internal audit reporting?	✓			Audit Working Procedures See 8.3.1
10.1.4	Are there laid-down timescales for reports to be issued?	✓			Within Audit Charter See 1.1 Reports to be made to Audit Committee within 3 months of audit end
<b>10.2</b>	<b>Reporting on Audit Work</b>				<b>Audit Report of 10/1/08 Included as Example</b>
10.2.1	Do the reporting standards include:	✓			Audit Working Procedures See 8.3.1
	(a) Format of the reports?	✓			Response requested during Post-audit survey as to clarity of final reports.
	(b) Quality assurance of reports?	✓			APM Review of all audit work prior to releasing reports
	(c) The need to state the scope and purpose of the audit?	✓			Audit Working Procedures See 8.3.1

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(d) The requirement to give an opinion?		✓		No value judgement given. Report is factual with recommendations in place to mitigate control failures identified in Audit testing. Areas of good or effective control are also stated.
	(e) Process for agreeing reports with the recipient?	✓			Within Audit Charter See 1.1
	(f) An action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales?	✓			Audit Working Procedures See 8.3.1 (Example held within Evidence)
10.2.2	Does the audit reporting process include discussion and agreement of reports?	✓			Discussion with Heads of Service and relevant Line Management - Final discussion document held as basis of final reports (Example held as evidence) Audit Working Procedures See 8.3.1
10.2.3	Has the Head of Internal Audit determined a process for prioritising recommendations according to risk?	✓			Risk Priority identified when raising recommendations and in final reports  See Example of Priorities in outstanding recommendations is included in the Audit report of 10/8/08.
10.2.4	Are areas of disagreement recorded appropriately?	✓			No disagreements seen to date. However this potential area is addressed in Audit Charter (See 1.1 above)
10.2.5	Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention to senior management?	✓			Not seen in reality. Procedure detailed within Audit Charter to ensure that areas of concern are highlighted even if not accepted by Line Management
10.2.6	Is the circulation of each audit report determined when preparing the audit brief?	✓			Audit Working Procedures See 8.3.1
10.2.7	(a) Does the reporting process include details of circulation of that particular audit report?	✓			Audit Working Procedures See 8.3.1
	(b) Is this included in the brief for each individual audit?	✓			Included wef 2007/08
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?	✓			None seen during 2007/08 but informal mechanisms such as use of Senior Management Team would be used to raise awareness of cross-divisional risks identified during audit testing.

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(b) Risk registers are updated?		✓		Risk-management process still embedding within Authority
<b>10.3</b>	<b>Follow-up Audits and Reporting</b>				
10.3.1	Has the Head of Internal Audit defined the need for and the form of any follow-up action?	✓			Action plan agreed by Heads of Service at completion of audit. Diarised by Internal Audit and enquired on or around due implementation date. Responses are monitored for receipt and content. Copy of a recent Monitoring Sheet held as evidence
10.3.2	Has the Head of Internal Audit established appropriate escalation procedures for Internal Audit recommendations not implemented by the agreed date?	✓			Reasons for non-implementation and revised due dates are requested. Ongoing position of all recommendations is reported to Members at each Audit Committee. See Example Report  Members may request relevant Heads of service to attend Audit Committee to explain circumstances under terms of the Audit Charter
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	✓			Would be treated as a separate audit with priority given to areas requiring attention as a result of the original.
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	✓			Part of "Pre-Audit Considerations" documentation for each Audit (Copy held in evidence)
<b>10.4</b>	<b>Annual Reporting and Presentation of Audit Opinion</b>				
10.4.1	Does the Head of Internal Audit provide an annual report to support the Statement on Internal Control? (Note: SIC to be replaced by Annual Governance statement from 2007/08)	✓			Last report to Audit Committee 6/6/2007 relating to the SIC  Copy of Report & subsequent minutes are held
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?	✓			Appendix 1 of SIC. Sound with identified areas for improvement
	(b) Disclose any qualifications to that opinion, together with the reasons for the qualification?	✓			Appendix 1 of SIC.

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(c) Present as summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies?		✓		Not specifically summarised during SIC Report. All individual audit reports are presented to the Audit Committee on conclusion of testing with overviews and recommendations detailed at that stage.
	(d) Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Statement on Internal Control?	✓			Appendix 1 of SIC and progress of action plan points from prior year SIC
	(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?		✓		Not within SIC Report. Audit Performance is detailed in Audit Progress Reports
	(f) Comment on compliance with the standards of the Code?			✓	
	(g) Communicate the results of the internal audit quality assurance programme?	✓			All reports reported to Audit Committee. All Audit Committee Reports, and supporting Working papers are available for scrutiny by Members if required  Performance indicators produced quarterly  Outcome of initial Internal Audit self-assessment was reported to Members 6/6/07  Reliance on Internal Audit work by the External Auditors ( <i>Section 5.4.1</i> )
10.4.3	Has the Head of Internal Audit made provision for interim reporting to the organisation during the year?	✓			Individual Audit assignments are reported to the Audit Committee when completed. Half-year progress report made in respect of Audit Plan.  Audit Plan was revised during year and a subsequent interim progress report was made to the Audit Committee on 10/1/08
<b>11</b>	<b>PERFORMANCE, QUALITY AND EFFECTIVENESS</b>				
<b>11.1</b>	<b>Principles of Performance, Quality and Effectiveness</b>				
11.1.1	Is there an audit manual?	✓			Old paper copy and new, updated CD Version (CIPFA)

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
11.1.2	Does the audit manual provide guidance on: (a) Carrying out day-to-day audit work?	✓			CIPFA standards
	(b) Complying with the Code?	✓			CIPFA standards
11.1.3	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?		✓		No updates but generic system re CIPFA systems.  RDC own Audit Paperwork is regularly reviewed to ensure it meets current practice and allow PKF to place reliance on our work Changes in requirements would be reflected within the Internal Audit Procedures (See 8.3.1)
11.1.4	Does the Head of Internal Audit have arrangements in place to assess the performance and effectiveness of: (a) Each individual audit?	✓			See 11.3.2(b)
	(b) The internal audit service as a whole?	✓			See 11.3.2(c)
<b>11.2</b>	<b>Quality Assurance of Audit Work</b>				
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?	✓			There are two Full-time staff so allocation of work is limited, particularly given the experience of the Trainee Auditor recently appointed. APM overview is in place.
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?	✓			Because there are only two Full-time staff, a formal monitoring process is not required.  All audits are reviewed as part of ongoing process with documented QA included in working papers. (See 11.3.1 Below)
11.2.3	Does the supervisory process cover: (a) Monitoring progress?	✓			Audits are allocated a Time Budget that is monitored on a time log. Position as at 31/12/07 is held
	(b) Assessing quality of audit work?	✓			All audits reviewed as part of ongoing process
	(c) Coaching staff?	✓			Informal basis in view of size of Internal Audit Team but PDR process is embedded.

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
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?	✓			<p>A small range of performance indicators are in place for the Internal Audit function (<i>Copies of third quarter position 07/08 held</i>)</p> <p>All audits are reviewed by APM as part of ongoing process. (<i>Example held in evidence</i>)</p> <p>The post-audit survey process is in place</p> <p>An independent annual review of the Effectiveness of Internal Audit is now in place. The Report to the Audit Committee of 6/6/07 is held as evidence. The minutes for this Report are held in the evidence relating to Section 10.4.1</p>
11.3.2	Does the performance management and quality assurance framework include as a minimum:				
	(a) A comprehensive set of targets to measure performance:		✓		Developed within Internal Audit
	(i) Which are developed in consultation with appropriate parties?				
	(ii) Which are included in service level agreements, where appropriate?	**	**	**	No SLA in place
	(iii) Against which the Head of Internal Audit measures, monitors and reports appropriately on progress?	✓			Quarterly performance indicator reporting is in place. Key PI reported as part of Audit Progress report, produced half-yearly
	(b) User feedback obtained for each individual audit and periodically for the whole service?	✓			Post Audit Survey sent to Head of Service and Line Management (Example of Survey and Summaries of results included in Evidence)
	(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?	✓			Satisfaction survey sent to Heads of Service and Line Managers on biennial basis. Last Survey sent November 2006 and encompasses Performance Improvement area as well as Internal Audit. (Example of Survey and Summaries of results included in Evidence)



REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(d) Internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual?	✓			All Audit Working Papers reviewed by APM for each audit project as a matter of procedure. Discussed with relevant Auditor prior to issue of Audit Report.  All post-audit survey responses reviewed by APM
	(e) An action plan to implement improvements?		✓		Individual improvement requirements would be built into annual PDR process.  Currently there is no improvement plan specifically for Internal Audit
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?	✓			Comparative Performance figures over two years are reported in Audit Progress Reports and Quarterly Performance Reports.
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?	✓			PDR Process for personal development to improve overall performance  Progress Reports on Annual Audit Plan  External Auditor reliance on Internal Audit work  Performance Indicators support progress reports  Survey results identify areas for development
	(b) Compliant with the Code?		✓		More by exception. No formal reporting process in place for this element
	(c) Meeting internal quality standards?	✓			APM Review of all audit project work
	(d) Effective, efficient, continuously improving?	✓			Views of Line Management sought in Post Audit survey and biennial Satisfaction Survey.  PDR Process
	(e) Adding value and assisting the organisation in achieving its objectives?	✓			Assurances provided in control environments supported by relevant recommendations to mitigate control shortcomings.
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?	✓			Quarterly performance indicator reporting is in place. Key PI reported as part of Audit Progress report, produced half-yearly

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
11.3.6	Does the Head of Internal Audit provide evidence from 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?	✓			Detailed involvement in creating the Annual Statement on Internal Control, with significant areas based upon assurances or weaknesses identified within Internal Audit work programme and APM review process.