

---

## **PUBLIC SECTOR INTERNAL AUDIT STANDARDS QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

### **1 PURPOSE OF THIS REPORT**

- 1.1 Public Sector Internal Audit Standards (PSIAS) were introduced with effect from 1 April 2013 against which the Council's internal audit function should measure its effectiveness. To support this the Council must develop and maintain a quality assurance and improvement programme (QAIP).
- 1.2 This report provides Members with an update following an internal self assessment for 2015.

### **2 INTRODUCTION**

- 2.1 The PSIAS self assessment for 2014 was approved by this Committee in September 2014, together with a report on areas where there were elements of non conformance and an outline improvement plan.
- 2.2 The Council's Audit Charter, which defines the key role and responsibilities of Internal Audit in working in conformance to the PSIAS was formally approved by this Committee in 2013.

### **3 ROCHFORD DISTRICT COUNCIL INTERNAL AUDIT CHARTER**

- 3.1 The RDC Internal Audit Charter has been reviewed as part of the PSIAS evaluation process. The Charter requires significant revision following the Council's redesign to reflect changes in the management structure, both in the Council and in Internal Audit. A proposed revised version, for Member consideration and agreement, is attached as appendix 2.

### **4 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

- 4.1 The QAIP is designed to provide assurance that Internal Audit:-
- Performs its work in accordance with the Audit Charter, which is consistent with the PSIAS and relevant codes of ethics, effectiveness of working and identifying areas for improvement;
  - Operates in an efficient and effective manner;
  - Adds value and continually improves internal audit functions.
- 4.2 The QAIP includes internal and external assessments of the range of Internal Audit's work.

### Internal Assessments

- 4.3 Ongoing assessments are conducted through:-
- Documented audit procedures to ensure a consistent structure and approach for all audit engagements, which include pre audit considerations, an agreed audit brief with line and senior management, and post engagement discussions with line management;
  - Completed engagement reports to Line Management, Senior Management and the Audit Committee;
  - An up to date Internal Audit Charter;
  - Annual self assessment against PSIAS checklist for compliance;
  - Periodic reporting of progress of the annual audit plan to the Audit Committee;
  - Production of monthly performance data from a small range of indicators relating to time management and progression of workload.

### External Assessments

- 4.4 External assessment will appraise and express an opinion about Internal Audit's compliance with the PSIAS. The first external assessment must be carried out by April 2018.
- 4.5 An external assessment is required at least once every five years by a qualified, independent assessor from outside of the Council. This can be carried out as a full external review or external validation of an internal self assessment.
- 4.6 Options may include a peer review from another Council or a review from an organisation providing this service, for which there would be a cost. The final arrangements and timing will be subject to approval by this Committee.

## 5 COMPLIANCE WITH PSIAS 2015/16

- 5.1 The PSIAS self-assessment checklist, together with an associated Local Government Application Note, contains 334 questions and covers the key areas of Attribute Standards (applicable to both the Council and individual auditors) and Performance Standards (the nature of the internal audit function and criteria against which it can be measured). Questions in relation to consultation engagements have been marked as not applicable as this is not a function that Internal Audit carries out apart from requests for advice about controls. The completed questionnaire covers 50 pages and for brevity a

summary of the testing is included as appendix 1. A full copy of the questionnaire can be made available.

5.2 The outcome of the self assessment is that Internal Audit is not compliant with the PSIAS. The reasons for this are:-

- The change in the management structure deleted the role of Head of Audit (referred to as Chief Audit Executive in the PSIAS) and removed the ability for an effective quality assurance and review of audit engagements by a senior qualified officer, independent of day to day audit engagements or operational responsibilities within the Council;
- The Assistant Director, Legal Services, with responsibility for Internal Audit under the redesign and the S151 Officer have operational responsibilities within the Council and therefore cannot be judged as independent;
- There is no formal audit of the culture or ethics of the Council;
- An external review has not yet been completed.

It is important to note that although the overall assessment is rated as “not compliant” this does not mean that the audit engagements are not being carried out to the required standards.

5.3 The self assessed scores in relation to the checklist are shown in appendix 2. 222 are adjudged to be compliant, with 56 not applicable. 46 have been scored as Partially Compliant with 10 as Not Compliant. The assessment scores for 2014/15 are at the foot of appendix 2 for comparison.

5.4 The areas of Non Compliance are as follows:-

<b>PSIAS Section</b>	<b>Response</b>	<b>Action</b>
<p><b>Organisational Independence</b></p> <p>The Audit Committee does not appoint the officer with overall responsibility for Internal Audit or appraise her work (2 Questions)</p>	<p>This officer is appointed under the same arrangements as other senior manager posts within the Council. Appraisals would be in line with the Council’s procedures</p>	<p>No action required</p>

<p><b>Proficiency</b></p> <p>The officer with overall responsibility for Internal Audit does not hold a relevant qualification or is suitably experienced in the role (2 Questions)</p>	<p>The role of Audit Manager was removed as part of the redesign with Internal Audit being placed under the responsibility of an Assistant Director with no experience of the role of internal audit</p>	<p>Consideration will be given to changing approach to Internal Audit to ensure compliance in an appropriate resource efficient manner</p>
<p><b>Internal Assessment</b></p> <p>There is not a routine quality assurance process of internal audit work.</p>	<p>The work of the Principal Auditor is not currently subjected to routine quality assessment or general review.</p>	<p>A management restructure would address this issue</p>
<p><i>There is no ongoing process for obtaining stakeholder feedback</i></p>	<p><i>There is no post audit satisfaction survey as this practice, in the past, has proven to be of limited value.</i></p> <p><i>The last general satisfaction survey of the work of Internal Audit was in 2013. There is no available resource for this to occur in 2015/16 nor is this really practical while the redesign beds in.</i></p>	<p><i>An approach will be considered for inclusion in 2016/17 Annual Audit Plan when resourcing position for that year becomes clear</i></p>
<p><b>External Assessment</b></p> <p>No external assessment has taken place, without which conformance with PSIAS cannot occur</p>	<p>There is no requirement to obtain an external assessment until 2017/18.</p>	<p>Work towards target date with an aim of conforming to standards at time of external assessment</p>

<p><b>Governance</b></p> <p>No evaluation of the Council's ethics related objectives, programmes or activities has been carried out by Internal Audit</p>	<p>There has not been any such evaluation carried out independent of normal audit engagements. The redesign and the new business plan will shape the Council's culture and ethics approach.</p>	<p>Approach to be considered within audit work for 2016/17</p>
<p><b>Engagement Supervision</b></p> <p>All engagements are not supervised to confirm being carried out in line with requirements of PSIAS and documented accordingly (2 Questions)</p>	<p>The work of the Principal Auditor is not subjected to routine quality assessment or general review, by a suitably qualified officer.</p>	<p>A management restructure would address this issue</p>

## 6 RISK IMPLICATIONS

- 6.1 Internal Audit contributes to the assessment of the effectiveness of the systems of internal control. Failure to conform to PSIAS could impact on perceptions of the Council's assurance of that effectiveness

## 7 RESOURCE IMPLICATIONS

- 7.1 The current resource allocated to Internal Audit does not allow for conformance to the PSIAS due to the current structure.

## 8 RECOMMENDATION

- 8.1 It is proposed that the Committee **RESOLVES**
- (1) That the outcome of the 2015 review of the Public Sector Internal Audit Standards be agreed.
  - (2) That the renewal of the Audit Charter, as amended for 2015/16, be agreed.



A Law  
Assistant Director, Legal Services

---

**Background Papers:-**

None.

For further information please contact Jim Kevany on:-

Phone: 01702 546366 Ext 3213

Email: [james.kevany@rochford.gov.uk](mailto:james.kevany@rochford.gov.uk)

If you would like this report in large print, Braille or another language please contact 01702 318111.

Analysis of Self Assessment Checklist

Compliance With The Standard	Number	Yes	Partial	No	Not Applicable	Comments
Definition of Internal Audit	3	3				See Audit Charter
<b>Code of Ethics</b>						
Integrity	4	4				
Objectivity	3	2	1			Good working relationship with service areas and staff across Council take part in social activities
Confidentiality	2	2				
Competency	4	3	1			There are no formal CPD arrangements currently in place although training opportunities are taken if occur
<b>Attribute Standards</b>						
Purpose Authority and Responsibility	30	26	4			The PSIAS assume Internal Audit will co-ordinate and carry out all fraud related activity. There is no such defined role at RDC although Audit may be involved in aspects of prevention / investigation One area of resourcing has become partial as level of resource is dependent of financial constraints

Compliance With The Standard	Number	Yes	Partial	No	Not Applicable	Comments
Organisational Independence	14	7	5	2		<p><b>Partial</b> Partial reflects level of independence of senior management responsibility from operational responsibilities Ability to influence resources available</p> <p><b>No</b> Relates to appointment and appraisal of Officer with overall responsibility for Internal audit by Audit Committee</p>
Direct Interaction with Audit Committee	1		1			Although facility exists within the Audit Charter for direct interaction the process is normally via S151 or the committee schedule
Individual Objectivity	2	2				
Impairment to Objectivity	11	2	3		6	<p><b>Partial</b> Relates to rotation of auditors within engagements. This is done where possible but with a small team this is not always feasible 2 moves from N/A to Partial re independence of senior management although for individual engagements there is not impairment to independence</p> <p><b>Not Applicable</b> These questions relate to disclosures, gifts etc. which are technically a “No” response. In these cases the actual question is not relevant. 2 relate to Consulting work which is not undertaken</p>
<b>Proficiency and Due Professional Care</b>						

Compliance With The Standard	Number	Yes	Partial	No	Not Applicable	Comments
Proficiency	9	5	2	2		<b>Partial</b> Reduction in skills with Audit Manager post removal <b>No</b> Removal of senior independent management and no formal auditing / accountancy qualifications
Due Professional Care	8	5			3	Not Applicable relates to consultancy engagements
Continuing Professional Development	4	2	2			Opportunities for development training etc. are taken when possible.
<b>Quality Assurance and Improvement Programme</b>						
QAIP	5	1	4			QAIP reported to this Committee
Internal Assessment	9	3	3	2	1	<b>No</b> Relates to removing of QA process of ongoing & completed engagements by a suitably qualified officer and the fact that feedback is not sought from audited areas after engagements <b>Not Applicable</b> relates to fact that no external review has been undertaken to date
External Assessment	8			1	7	“No” confirms the external review has not yet taken place. The not applicable response relate to considerations and testing within the external assessment

Compliance With The Standard	Number	Yes	Partial	No	Not Applicable	Comments
Reporting on the QAIP	4	2	2			QAIP reported to this Committee
<b>Performance Standards</b>						
Preamble	5	4	1			Partial relates to change in Internal audit structure
Planning	23	14	6		3	<b>Partial</b> Audit Plan is not directly aligned to Strategic Plan or local / national issues although legislative changes are considered. The Plan is risked based with concentration on key financial services and functions. The Audit Plan does not take into considerations potential conflicts of interest; these are addressed within individual engagements <b>Not Applicable</b> We do have a risk framework and we do not undertake consultancy work.
Communication and Approval	3	3				
Resource Management	3	3				
Policies and Procedures	3	3				
Coordination	4	2	2			Not carried out assurance mapping and relationship with External Audit which has changed in line with the way they carry out their role
Reporting to Senior Management and the Audit Committee	3	3				

Compliance With The Standard	Number	Yes	Partial	No	Not Applicable	Comments
External Service Provider and Organisational Responsibility for Internal Audit	3	2			1	No external service provider
Governance	8	5	1	1	1	<b>Partial</b> Whilst Internal Audit examines the governance arrangements of IT is does not specifically assess how IT fits into the Council's strategy and objectives <b>No</b> There has not been any audit work based on the Council's ethics related objectives
Risk Management	13	10	1		2	<b>Partial</b> Links to Council's strategy and objectives <b>Not Applicable</b> Relates to consultancy roles
Control	6	4	1		1	<b>Partial</b> Links to Council's strategy and objectives <b>Not Applicable</b> Relates to consultancy roles
Engagement Planning	17	13			4	Relates to auditing of external organisations or consultancy

Compliance With The Standard	Number	Yes	Partial	No	Not Applicable	Comments
Engagement Objectives	13	9	1		3	<b>Partial</b> Relates to value for money reviews. Whilst VFM is always considered there have not been any significant reviews in 2015 <b>Not Applicable</b> Consultation and a question that related to absence of evaluation engagement objectives
Engagement Scope	15	5	4		6	<b>Partial</b> Consideration given to personnel and premises when planning engagements. Two relates to auditing External Organisations, involvement with Capita SIS for IT Audit <b>Not Applicable</b> relates to consultancy
Engagement Resource Allocation	3	3				
Engagement Work Programme	11	11				
Identifying Information	4	4				
Analysis & Evaluation	7	7				
Documenting Information	6	5			1	Relates to releasing documentation to outside parties
Engagement Supervision	2			2		No direct management overview or QA process
Communicating Results	1	1				
Criteria For Communication	15	13			2	Relates to outside parties
Quality of Communication	7	7				

Compliance With The Standard	Number	Yes	Partial	No	Not Applicable	Comments
Errors and Omissions	1				1	No errors identified
Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing	1				1	Cannot state conformance without external assessment
Engagement Disclosure of Non Conformance	3				3	This section relates to the impact of non compliance on any audit engagements. It is Audit opinion that non compliance as shown has not impacted on any engagement, although there is now no QA work
Disseminating Results	6	2			4	Relate to consultancy and release to external organisations
Overall Opinion	21	18	1		2	Relate to consultancy
Monitoring Progress	4	2			2	Relates to revision of Audit Opinion post reporting and consultancy
Communicating the Acceptance of Risks	2				2	Relates to the position where high risks issues identified during an engagement were not addressed. This has not occurred but procedures for such a situation are addressed in the Audit Charter
	<b>334</b>	<b>222</b>	<b>46</b>	<b>10</b>	<b>56</b>	
<b>2014/15 Position</b>	<b>334</b>	<b>231</b>	<b>37</b>	<b>5</b>	<b>61</b>	

# **PUBLIC SECTOR INTERNAL AUDIT STANDARDS QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

## **APPENDIX 2**

### **PROPOSED**

## **ROCHFORD DISTRICT COUNCIL INTERNAL AUDIT CHARTER**

### **INTRODUCTION**

To ensure that authorities make arrangements for the proper administration of their financial affairs, the Accounts and Audit (England) Regulations 2011 make statutory provision for a local authority to undertake an adequate and effective internal audit of its documents and records and of its system of internal control in accordance with proper internal audit practices.

From April 2013 the Public Sector Internal Audit Standards (PSIAS) were adopted nationally. These superseded the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

The objectives of the PSIAS are to;

- Define the nature of internal auditing in the UK public sector
- Set basic principles for carrying out internal audit in the UK public sector
- Establish a framework for providing internal audit services, which add value to the Council, leading to improved organisational processes and operations
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning

The Internal Audit Charter (the Charter) formally defines the internal audit activity's purpose, authority and responsibility within the Council. The PSIAS requires the Charter to detail the relationship between Internal Audit, The Board and Senior Management

Supplementary guidance issued and endorsed by the Relevant Internal Audit Standard Setters as applicable to local government will also be complied with along with the Council's own policies and procedures.

### **DEFINITIONS**

#### **Internal Auditing**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

**The Board**

At Rochford the role of The Board is carried out by the Audit Committee.

The Terms of Reference for the Audit Committee are: “To Exercise the Council’s functions in relation to:

- Matters arising out of internal audit and control reports;
- The scope of internal audit activity;
- Review of the adequacy of governance and risk management arrangements and internal control;
- Consideration of matters arising from external audit as are referred to it by the External Auditor,

Including the management of the budget in respect of these functions.”

**Senior Management**

Senior Management, in the context of PSIAS, are the Chief Executive, Directors, District Section 151 Officer, and the Assistant Director, Legal Services (ADLS) as the Monitoring Officer.

These, together with other Assistant Directors, comprise The Leadership Team.

**OBJECTIVE AND STATUS OF INTERNAL AUDIT**

Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. As such, Internal Audit contributes to the Council’s overall governance framework and in particular towards the production of the Annual Governance Statement.

This document establishes the terms of reference to enable Internal Audit to meet its objectives and responsibilities. To ensure that these are appropriate to changing circumstances the Charter will be reviewed and presented for consideration and approval to the Audit Committee annually.

The PSIAS refers to a Chief Audit Executive, which is a qualified senior audit officer. Under the current structure at Rochford this position is not in place.

The Section 151 Officer is responsible for ensuring that there is an effective internal audit function in place in the authority.

The Assistant Director, Legal Services has overall responsibility for Internal Audit. The ADLS has overall responsibility for the preparation of a risk-based Annual Audit Plan in conjunction with The Leadership Team. The Audit Committee considers and approves the proposed Annual Audit Plan prior to its implementation. The ADLS has overall responsibility for the effective management of the Annual Audit Plan. Day to day management of the Internal Audit team rests with the Principal Auditor (PA) The ADLS is responsible for ensuring that the resources of Internal Audit are sufficient to meet its responsibilities and achieve its objectives with an appropriate mix of qualifications, experience and audit skills. This includes identification and implementation of ongoing training requirements and development of auditors. However financial

constraints must also be taken into consideration as part of the resourcing process. In view of the staffing levels within Internal Audit this resourcing could, if considered appropriate, include using external overview or specialist external audit providers, subject to prior approval.

A Quality Assurance and Improvement Programme will be developed and maintained by the ADLS. This is designed to enable an evaluation of Internal Audit's conformance with the PSIAS and relevant codes of ethics, effectiveness of working and identify areas for improvement, together with an action plan to work towards compliance as required

Internal Audit is required to carry out an annual review of the level of compliance with the PSIAS. This can be by self-assessment or an assessment by others within the Council with sufficient knowledge of internal audit practices. At least once every 5 years the assessment must be carried out by or be reviewed by a qualified independent assessor from outside of the Council. The external assessment must be completed before the start of the 2018/19 financial year. The outcome of these assessments will be reported to Senior Management and the Audit Committee. These assessments form part of the Quality Assurance and Improvement Programme.

### **INDEPENDENCE OF INTERNAL AUDIT**

The Internal Audit Team reports to the ADLS. In order to preserve its objectivity and independence, Internal Audit will not assume operational responsibilities for, and will remain independent of, the activities it audits or reviews.

Internal Audit staff will carry out their work with honesty, diligence and responsibility. Auditors will maintain an impartial, unbiased and objective approach to audit work in line with Standard 3 of The Code; Ethics for Internal Auditors.

Auditors are required to have due regard to the standards expected within the "Seven Principles of Public Life"

In accordance with the Council's Officer Code of Conduct auditors must declare interests that can impact on objectivity. Implications of the Bribery Act must be considered and auditors must not accept gifts, hospitality, inducements or other benefits other than those permitted by the Council's Code, for which the appropriate registration of such items must be completed. Information obtained during the course of an audit engagement must not be used for personal gain by an auditor or made available to third parties unless specific authority is in place to do so.

To ensure objectivity, individual auditors will not be permitted to carry out audit work in areas where they have had operational responsibility within the same Financial Year or longer until a suitable period has elapsed as determined by the ADLS.

Subject to available operational resources, audit engagements will be rotated within the Internal Audit Team to prevent over-familiarity and complacency with audit areas that could influence objectivity.

Potential for conflicts of interest or impairment to objectivity or independence will be considered as part of pre-audit work and documented as part of that work.

The Leadership Team and line management are responsible for establishing and maintaining a proper and effective control environment and for managing risk within their area of operations. Line management also bears primary responsibility for the prevention and detection of fraud and corruption.

However, if The Leadership Team and / or the Audit Committee request or if requested by line management, Internal Audit may review systems or procedures under development and advise on appropriate controls without prejudicing its right to subsequently review and make further recommendations on the relevant procedures, controls and operations at a later date.

### **ROLE & RESPONSIBILITIES OF INTERNAL AUDIT**

Within the terms of the Financial Regulations of the Council, Internal Audit, as authorised representatives of the Chief Executive, Monitoring Officer or Section 151 Officer for the purpose of audit work, may have access at any reasonable time to all records, documents and correspondence relating to any transactions of the Council, and can require any employees of the Council to produce cash, stores or any other Council property under their control. Internal Audit can also request explanations as considered necessary to confirm correctness of any matter under examination.

Where agreements exist, Internal Audit may also request access to relevant records of Partners / Contractors. Internal Audit is responsible for ensuring the confidentiality and safe keeping of all records accessed and information obtained in the course of its work.

The key roles of Internal Audit are to identify and understand the risks and objectives of the Council as a whole and of the individual Directorates and Service Areas, to examine and evaluate the adequacy and effectiveness of systems and controls employed and to report and make necessary recommendations for improvements on:

- The adequacy and reliability of control systems (including relevant technology) and procedures;
- Compliance with management, operational and financial controls including financial regulations and contract standing orders;
- Compliance with corporate objectives, strategies and policies including the Council's Constitution;
- Compliance with laws and regulations;
- The reliability and integrity of management information;
- Arrangements for the acquisition, custody and disposal of assets, and for verifying their existence; and
- Assessing value for money in respect of the economy, efficiency and effectiveness with which resources are employed.

In addition auditors must always be aware of potential for errors, fraud or conflicts of interest that could impact on good governance.

Members, Senior Management or The Leadership Team may also request Internal Audit to:

- Provide advice and support to ensure an effective control environment is maintained;
- Provide advice and guidance to ensure managers have developed effective arrangements to prevent or detect fraud and corruption;
- Undertake special investigations, in compliance with the Council's procedures, in relation to potential fraud and corruption, misuse of Council resources and allegations of breaches in procedures and controls; and
- Conduct service or procedural reviews, on a consultancy basis, to evaluate the effectiveness of controls or to assess value for money.

### **AUDIT METHODOLOGY**

Internal Audit will review the procedures in place for determining the areas of risk for each Assistant Director to ensure that areas of high risk from Strategic, Corporate, Service and Operational areas are identified and considered for inclusion in the Annual Audit Plan, including those identified by the External Auditors as part of their mandatory systems audit work. Senior Management, The Leadership Team and relevant line management will contribute to the Annual Audit Plan prior to it being presented to the Audit Committee for consideration and approval to ensure effective audit coverage of the key issues affecting their service areas.

The Plan will set out the number of person-days, including a contingency, required for Internal Audit to adequately review the areas specified to ensure resourcing for high-risk engagements and to enable an effective opinion on the control environment to be made.

The process of reviewing risks to the Authority will be ongoing. Regular meetings were held with the outgoing external auditors to ensure effective coverage of Internal Audit's work although external audit may not direct the work of Internal Audit. The relationship with the incoming external auditors, wef 2015/16, is to be established.

Meetings will be held with Senior Management and other Regulators and Inspectors, as required, ensuring Internal Audit work keeps pace with changing national and local circumstances and requirements.

An Audit Brief, detailing objectives and scope for an audit engagement will be agreed by the relevant Assistant Director and key line management prior to the commencement of an engagement. This will give details of the proposed areas to be reviewed and the subsequent reporting process. Recipients of the Audit Brief will be given the opportunity to request that work areas, not originally included in the Audit Brief, be included in the engagement to seek independent assurance of controls employed. Outline dates for undertaking the engagement will be agreed at that time.

Audit engagements will be undertaken in line with procedures held by Internal Audit to ensure consistency in structure and approach. Testing must be of sufficient size and intensity to enable the auditor to reach a reasoned conclusion that could be replicated by another auditor independently carrying out the same testing.

In carrying out its duties Internal Audit will work constructively with management and staff. During the course of an engagement, management and staff are required to co-operate fully with the auditors. All auditors will conduct themselves in compliance with standard 9 of The Code; Due Professional Care.

If significant control failings are identified in testing, this fact will be referred to the ADLS and brought to the attention of relevant management during the course of the engagement for immediate action.

## **REPORTING ARRANGEMENTS**

### **Post-Engagement**

All outcomes will be fully discussed with operational management at the conclusion of an engagement. Management responses will be recorded and considered for the purposes of completing a final report of the engagement. If weaknesses in controls or procedures are identified appropriate recommendations for improvements will be issued. An action plan, confirmed by line management, with realistic dates for implementation will be agreed. Internal Audit will monitor these for compliance.

Should Internal Audit and management fail to reach agreement on issues or recommendations, considered to be of material importance by Internal Audit, the final audit report will reflect the position of both and attention will be drawn specifically to these issues or recommendations in order that Senior Management and the Audit Committee may consider the options and take appropriate action.

If evidence or suspicion of fraud or corruption is identified during the course of an engagement the matter will be reported immediately to the ADLS / S151 Officer without further reference to line management, for consideration and timely progression in line with the Council's Anti-Fraud & Corruption Policy.

On completion of post-engagement discussions an Audit Report will be produced which can be used by The Leadership Team and line management as evidence of the level of control assurance within the Annual Governance Statement.

The ADLS or PA will report completed engagements directly to Senior Management. The report will be presented to the Audit Committee as soon as practicable after completion of each engagement to provide an Audit Opinion on the area reviewed. If considered appropriate by Members, The Leadership Team member or relevant line managers may be required to attend the Audit Committee on the date that the report is presented.

### **Other Reports to Audit Committee**

An Annual Schedule of Business giving the nature and outline timetable of reports to be received by the Audit Committee will be produced as part of the annual planning process.

On a half-year basis The ADLS will report progress of the Annual Audit Plan to the Audit Committee. If a need for a material change to the Plan is identified (i.e. affecting over 20% of the planned audit assignments) as a result of unforeseen audit work and / or

resourcing issues, a revision to the Annual Audit Plan will be placed before the Audit Committee, at the earliest opportunity, for consideration and approval.

At the end of the Financial-year an Internal Audit Annual Report and Opinion will be presented by the ADLS based on the outcome of the year's engagements undertaken.

The outcome of the annual review of the PSIAS will form part of the Annual Audit Report and Opinion

These reports, together with other information provided by The Leadership Team, key line managers and other relevant sources of information will be used as evidence in completing the Annual Governance Statement that is published as part of the Annual Accounts.

Line management is responsible for the implementation of audit recommendations within the agreed timescale. Members of the Audit Committee monitor the implementation of these recommendations and where the agreed implementation date is significantly exceeded Members may request that the relevant member of The Leadership Team or Line Managers attend the Audit Committee to provide an explanation. All outstanding recommendations will be reported at subsequent Audit Committee meetings until confirmed as implemented or no longer required.

Internal Audit also assumes responsibility for monitoring implementation by service areas of recommendations arising from The Audit Commission or successor, External Audit and other Regulatory or Inspection Agencies as appropriate and reporting progress on these recommendations to the Audit Committee.

The ADLS may report independently to the Executive, the Audit Committee or Council if the ADLS considers this necessary.

Signed

Amar Dave  
Chief Executive