

CHECKLIST – COMPLIANCE WITH THE CODE

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.

(NOTE: * = Included in Proposed Audit Charter Revision for 2007/08)

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 (<i>Copy Enclosed</i>).
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?	✓			Current format of Charter does not specifically link in to the Statement on Internal Control (SIC) process *
	(f) Require and enable the Head of Internal Audit to deliver an annual audit opinion?		✓		Periodic Audit Reports detail individual audit projects & recommendations and Audit Plan Progress. No formal Annual Assurance report although evaluation and adequacy of controls is included as key role within the Charter
	(g) Define the role of Internal Audit in any fraud-related or consultancy work (see also 1.3.2)?		✓		Audit Charter currently does not make reference to fraud-related work (<i>March 2007</i>) * Involvement in fraud investigation work is covered within the Anti-Fraud & Corruption Policy and Whistle Blowing Policy (<i>Copies included in Evidence</i>)
	(h) Explain how Internal Audit's resource requirements will be assessed?			✓	Not specifically addressed within current format of Audit Charter *

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?		✓		No specific reference to partner organisations * Access rights are detailed in RDC Constitution Part 4 Section 17
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?			✓	Not specifically addressed within current format of Audit Charter *
1.1.3	Have the terms of reference been formally approved by the organisation?	✓			Members approved Audit Charter in October 2003.
1.1.4	Are terms of reference regularly reviewed?			✓	Not specifically addressed within current format of Audit Charter *
1.2	Scope of Work				
1.2.1	Are the organisation's assurance, risk management arrangements and monitoring mechanisms taken into account when determining Internal Audit's work and where effort should be concentrated?		✓		"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. <i>(Considerations for Audit Plan document included in evidence.)</i> A data quality strategy action plan is being 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
1.3	Other Work				
1.3.1	Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the:		✓		Experience in external organisations with involvement in such matters
	(a) Skills, and				
	(b) Resources	✓			Contingency Time built into Annual Audit Plan <i>(Example within evidence at 7.2)</i>
1.3.2	Do the terms of reference define Internal Audit's role in:			✓	See 1.1.1(g) above *
	(a) Fraud and corruption?				

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	(b) Consultancy work?	✓			See 1.1.1(g) above
1.4	Fraud and Corruption				
1.4.1	Has the Head of Internal Audit made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	✓			Set up following a recommendation arising from the 2006/07 Anti-Fraud and Corruption Review (<i>Example of Request included in evidence</i>)
2	Independence				
2.1	Principles of Independence				
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. This takes into consideration the relatively small size of the Internal Audit Team
2.2	Organisational Independence				
2.2.1	Does the status of Internal Audit allow it to demonstrate independence?	✓			No operational work 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? (b) Members?	✓ ✓			No restrictions within Organisation. Specified within Audit Charter. See 1.1.1 (c)(i) above
2.2.3	Does the Head of Internal Audit report in her own name to members and officers?		✓		Protocol follows Head of Service as ultimate "owner" of reports. Internal Audit reports are produced under responsibility of APRM
2.2.4	(a) Is there an assessment that the budget for Internal Audit is adequate?	✓			Work programme is completed. No budget deficits with APR.

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	(b) Does any budget delegated to service areas ensure that: (i) Internal Audit adherence to the Code is not compromised? <hr/> (ii) The scope of Internal Audit is not affected? <hr/> (iii) Internal Audit can continue to provide assurance for the Statement on Internal Control?	 ✓ ✓ ✓			Service Area budgets are not considered as part of Audit planning process. No part of APR budget funds any other Service area. Service Area budgets are not considered as part of Audit planning process. No part of APR budget funds any other Service area. Service Area budgets are not considered as part of Audit planning process. No part of APR budget funds any other Service area.
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?	✓			Reporting Line is via Head of Finance, Audit & Performance Management. <i>(Structure Chart held in evidence)</i> Reports are issued to Corporate Executive <i>(Recent e-mail included as evidence)</i> APR work is dependent on Audit Plan, including unplanned items within Contingency.
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				

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
3.1.1	Does the Head of Internal Audit regularly remind staff of their ethical responsibilities?		✓		<p><i>"Ethics And You – A Guide to the CIPFA Standard of Professional Practice on Ethics (June 2006)"</i> circulated.</p> <p>Base document that contains Ethical responsibilities is <i>Code of Practice For Internal Audit in Local Government in the United Kingdom 2003 (CIPFA)</i> (Extract included in evidence)</p>
3.2	Integrity				
3.2.1	Has the Internal Audit team established an environment of trust and confidence?	✓			Audit Surveys (General Survey 2006) See Section 11.1.2
3.2.2	Do internal auditors demonstrate integrity in all aspects of their work?	✓			Audit Surveys (General and Post-Audit) See Section 11.1.2
3.3	Objectivity				
3.3.1	Are internal auditors perceived as being objective and free from conflicts of interest?	✓			<p>Staff are required to comply with CIPFA guidance, which includes a code of conduct. Objectivity is included under Ethics for Internal auditors</p> <p>Positive response in General Satisfaction Survey (See Section 11.1.2)</p>
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 2006/07. All Internal Audit Staff (2006/07) had been recruited from outside of RDC.
3.3.3	Are staff rotated on regular/annually audited areas?	✓			<p>Rotation policy in place but also aware of need for consolidation of training so normally allow two years on each project. However, staff turnover does impact on this policy and is not always practical accordingly. <i>(History of audit allocations included as evidence)</i></p>
3.4	Competence				
3.4.1	<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>Regular team meetings on structured agenda. Feedback provided on all courses, seminars and meetings attended by all team members. Minutes of meeting circulated to be seen by all staff within Internal Audit <i>(Copies of Agendas & Minutes included in Evidence)</i></p>

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(b) The purpose, risks and issues of the service area?	✓			Periodic review of Internal Audit Risk Register. <i>(Copy of Risk Register included in evidence)</i> 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. <i>(Extract from CIPFA COP enclosed in Evidence)</i>
4	Audit Committees				
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. <i>(Extract from CIMIS detailing role of Audit Committee)</i>
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?	✓			There have been 5 sittings of the Audit Committee during 2006/07, all with Internal Audit participation. Dates were 20/4/06, 7/6/06 (SIC Based), 4/7/06, 27/9/06 and 20/2/07. Meeting normally held with Chair of Audit Committee prior to actual date of Committee Meeting.
4.2.2	Does the committee approve the Internal Audit strategy and monitor progress?	✓			Audit Plan is approved by the Audit Committee and there are half-year progress reports on progression of Plan <i>(See 4.2.3)</i>
4.2.3	Does the committee approve the annual Internal Audit plan and monitor progress?	✓			See Section 7.2 for Audit Plan approval process. <i>Copy of Progress Report to Audit</i>

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
					<i>Committee 20/2/2006 held in evidence</i>
4.2.4	Does the Head of Internal Audit:	✓			See 4.2.1 In addition to Head of Audit there is normally a Principal Auditor in attendance and normally Head of Finance, Audit & Performance Management. <i>(Copy minutes 20/2/07 enclosed as Evidence)</i>
	(a) Attend the committee and contribute to its agenda?			✓	Members operate a Review Committee that monitors effectiveness of relevant Committees
	(c) Ensure that the committee receives and understands documents that describe how Internal Audit will fulfil its objectives?	✓			All reports are sent to Committee Members in advance of meeting and are introduced on the night by Head of Internal Audit. Chair of Committee normally meets with HFAPM and Head of Audit in advance of meeting and Members raise questions at Committee. Audit Charter and Annual Audit Plan in place
	(d) Report on the outcomes of Internal Audit's work to the committee?	✓			<i>Copy of Audit Report 20/2/2006 held in evidence as an example of ongoing reporting procedures</i>
	(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 2006/07. Any changes would be minuted in Committee records.
	(f) Present the annual Internal Audit report to the committee?			✓	No specific Annual Audit report. Periodic Audit Reports detail individual audit projects, outcomes & recommendations through the Municipal Year. Audit Plan Progress report made on half-year basis to Audit Committee.
4.2.5	Is there the opportunity for the Head of Internal Audit to meet privately with the Audit Committee?	✓			Opportunity for APRM, in conjunction with Monitoring Officer, to report independently to Audit Committee (or Full Council) is established within the Audit Charter
5	Relationships				
5.1	Principles of Good Relationships				

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
5.1.2	Is there a protocol that defines the working relationship for Internal Audit with: (a) Management?		✓		Formal working relationships during audits are covered within the Audit Charter 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
	(b) Other internal auditors?	**	**	**	Not Applicable
	(c) External auditors?		✓		Nothing formal is documented in the way of a protocol but meetings are held to ensure working practices assist the External Auditors in their systems work *
	(d) Other regulators and inspectors?		✓		No formal protocol. But Internal Audit would fully co-operate and assist if required *
	(e) Elected members?	✓			Audit reporting to Members is covered within the Audit Charter A Protocol on Officer/Member relationships is detailed within the Constitution (<i>Extract of Constitution included in Evidence</i>)
5.2	Relationships with Management				
5.2.1	Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers?	✓			General Audit Survey 2006
5.2.2	Is the timing of audit work planned in conjunction with management?		✓		Actual start dates are normally agreed with relevant Heads of Service. Performance Indicator audit is scheduled to meet production deadlines for Performance Plan and Corporate Plans
5.3	Relationships with Other Internal Auditors				
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?		✓		APRM attends Essex Audit Group. 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
5.4	Relationships with External Auditors				

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
5.4.1	Is it possible for Internal Audit and External Audit to rely on each other's work?	✓			More External Auditor reliance on RDC work rather than in other direction. Opinion of Reliance on Internal Audit provided in Interim Audit Memorandum. Last version reported to Members September 2006 (<i>Copy enclosed</i>).
5.4.2	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?		✓		Periodic rather than regular in 2006/07 but formal programme being established for 2007/08
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 (<i>Copy of PKF Annual Audit & Inspection Plan enclosed as evidence</i>)
5.5	Relationships with Other Regulators and Inspectors				
5.5.1	Has the Head of Internal Audit sought to establish a dialogue with the regulatory and inspection agencies that interact with the organisation?			✓	No specific proactive involvement. Would receive feedback on outcome of meetings that officers attend.
5.6	Relationships with Elected Members				
5.6.1	Do the terms of reference for Internal Audit define the channels of communication with members and describe how such relationships should 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	Staffing, Training and Continuing Professional Development				
6.1	Staffing Internal Audit				
6.1.1	Is Internal Audit appropriately staffed (numbers, grades, qualifications, personal attributes and experience) to achieve its objectives and comply with these standards?	✓			Resourcing is appropriate to the size of the Authority and is comparable to peer authorities 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 (for Example specialist IT Audit expertise). * External training is used when suitable opportunities appear.

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
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 & Process Review Unit Manager (Post 10500A) Principal Auditor (Post 10505 & 10510) (Copies in Evidence)
	(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
6.2	Training and Continuing Professional Development				
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 (Up to date version per Principal Auditor vacancy [April 2007] enclosed as evidence)
	(b) Are individual auditors periodically assessed against these predetermined skills and competencies?	✓			Part of annual PDR process (Example held)
	(c) Are training or development needs identified and included in an appropriate ongoing development programme?	✓			Part of annual PDR process (Example of format held)
	(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 (Examples held)
7	Audit Strategy and Planning				
7.1	Audit Strategy				
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 in 2006/07 purely to reflect the revised organisation structure such as Audit Committee *
7.1.2	Does the strategy include: (a) Internal Audit objectives and outcomes?	✓			Contained within Audit Charter

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(b) How the Head of Internal Audit will form and evidence his or her opinion on the control environment?	✓			Contained within Audit Charter
	(c) How Internal Audit's work will identify and address local and national issues and risks?			✓	No specific strategy detailed. Part of role is involvement with auditing Performance Indicators and understanding Best Value 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?			✓	Not in current version of Audit Charter but is included in PDR process
7.1.3	Has the strategy been approved by the Audit Committee?	✓			Audit Charter was approved by Members in October 2003 Audit Plan is approved annually by Members
7.2	Audit Planning				2006/07 Audit Plan Report & Approval (Minutes) held in evidence
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 (<i>Example of External Auditor Requirement for one core area is held as evidence</i>) Risk-management process still to be firmly embedded within 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 <i>See Section 1.1</i>
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
7.2.5	Does the plan: (a) Cover a fixed period of no longer than one year?	✓			

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(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 (<i>Example included</i>)
	(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?	✓			If a situation arose where significant variation from the Audit Plan was required then this would be placed before the Audit Committee. As a matter of course there are half-year progress reports made to the Audit Committee
7.2.7	Has the plan been approved by the Audit Committee?	✓			2006/07 Plan approved by Members 20/4/06 (<i>Minutes held with copy of Audit Plan Committee Report – Filed as 7.2</i>)
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 *
8	Undertaking Audit Work				
8.1	Planning				
8.1.1	(a) Is a brief prepared for each audit?	✓			Standard format used. <i>See 8.3.1 below (Example of Brief held as evidence)</i>
	(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
8.1.2	Does the brief set out:				
	(a) Objectives?	✓			
	(b) Scope?	✓			
	(c) Timing?		✓		Detailed in covering memo and Audit Plan (<i>Example of memo included in evidence</i>)
	(d) Resources?		✓		Detailed in covering memo and Audit Plan

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(e) Reporting requirements?			✓	Not in Brief but is included within Audit Charter *
8.2	Approach				
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?			✓	Although not physically documented, if a significant issue was identified during testing, it would be flagged to management at the time rather than wait for the end of the audit project. It would still be reflected in post-audit documentation. *
8.2.3	Does the audit approach include a quality review process for each audit?	✓			All audits are reviewed by APRM. Post audit surveys are requested from Heads of service and relevant Line Managers
8.3	Recording Audit Assignments				
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. <i>(Outline procedures are included in evidence)</i>
8.3.2	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	✓			All audits are reviewed by APRM. Post audit surveys are requested from Heads of service and relevant Line Managers
8.3.3	Are working papers such that an experienced auditor can easily:				External Auditor Reliance on work & Review by APRM
	(a) Identify the work that has been performed?	✓			
	(b) Re-perform it if necessary?	✓			External Auditor Reliance on work & Review by APRM
	(c) See how the work supports the conclusions reached?	✓			External Auditor Reliance on work & Review by APRM
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 <i>(Copy enclosed)</i>
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?	✓			Issues considered within Document Retention Questionnaire completed in 2003 <i>(Extract enclosed)</i>

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8.3.6	Is there an access policy for audit files and records?	✓			No formal policy but documentation easily retrievable Confidentiality issues would be taken into consideration.
9	Due Professional Care				
9.2	Responsibilities of the Individual Auditor				
9.2.1	Are there documents that set out the requirements on all audit staff in terms of:				Specified within the following <i>Code of Practice For Internal Audit in Local Government in the United Kingdom 2003 (CIPFA) [Standard 8 – Copy enclosed]</i>
	(a) Being fair and not allowing prejudice or bias to override objectivity?	✓			<i>Ethics And You – A guide to the CIPFA Standards of Professional Practice on Ethics (June 2006)</i> See also Section 3 above
	(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)
	(c) Receiving and giving gifts and hospitality from employees, clients, suppliers or third parties?	✓			Corporate approach followed in addition to CIPFA Code of Practice (See e-mail)
	(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 APRM
	(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 2006/07 Audit included as evidence) Acquired documentation from relevant sources or networking, such as Essex Audit Group circulated within Team as appropriate (Example enclosed as Evidence from Thurrock) Ad Hoc in-house training (Example enclosed)
	(f) Having sufficient knowledge to identify indicators that fraud or corruption may have been committed?	✓			See 9.2.1 (e)

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	(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)
9.3	Responsibilities of the Head of Internal Audit				
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 APRM 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 APRM (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 are detailed within the Audit Charter RDC has a regularly reviewed Whistle Blowing Policy in conjunction with the Anti-Fraud & Corruption Policy
10	Reporting				
10.1	Principles of Reporting				
10.1.1	Is an opinion on the control environment and risk exposure given in each audit report?		✓		No Value-Judgement given. However each report is an assessment of controls and risk management at time of review.
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
10.2	Reporting on Audit Work				

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
10.2.1	Do the reporting standards include:	✓			Audit Working Procedures See 8.3.1
	(a) Format of the reports?				
	(b) Quality assurance of reports?		✓		APRM 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
	(d) The requirement to give an opinion?		✓		No specific 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 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 within evidence supporting Section 4.2.4
10.2.4	Are areas of disagreement recorded appropriately?	✓			Not seen to date. However this 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
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

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
	(b) Is this included in the brief for each individual audit?			✓	*
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?	✓			See Example of Audit Report, detailing recommendations, in Section 4.2.4
	(b) Risk registers are updated?		✓		Risk-management process still to be firmly embedded within Authority
10.3	Follow-up Audits and Reporting				
10.3.1	Has the Head of Internal Audit defined the need for and the form of any follow-up action?	✓			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.
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. <i>See Example in Section 4.2.4</i>
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 <i>"Pre-Audit Considerations"</i> documentation for each Audit (<i>Copy held in evidence</i>)
10.4	Annual Reporting and Presentation of Audit Opinion				
10.4.1	Does the Head of Internal Audit provide an annual report to support the Statement on Internal Control?	✓			Last report to Audit Committee 7/6/2006 relating to the SIC supporting the 2005/06 Accounts (<i>Copy enclosed</i>)
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
	(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?	✓			Appendix 5 for Internal Audit work (Copy of that Appendix is actually contained in documentation supporting Section 7.2) Reference was made to two independent reviews carried out during the year.
	(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
	(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 reported 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 are available for scrutiny by Committee Members if required Performance indicators produced quarterly Reliance on work by the External Auditors
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.
11	Performance, Quality and Effectiveness				
11.1	Principles of Performance, Quality and Effectiveness				
11.1.1	Is there an audit manual?	✓			Old paper copy and new, updated CD Version (CIPFA)
11.1.2	Does the audit manual provide guidance on:				CIPFA standards
	(a) Carrying out day-to-day audit work?	✓			
	(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. RDC own Audit Paperwork is regularly reviewed to ensure it meets our current

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
					practice. For Example Controls Summary created for 2006/07 to assist Line Management in completion of SIC Questionnaire (<i>example included in evidence</i>) 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)
11.2	Quality Assurance of Audit Work				
11.2.1	Does the Head of Internal Audit have a process in place to ensure that work is allocated to auditors who have the appropriate skills, experience and competence?	✓			Only two Full-time staff. Work allocated accordingly. Ongoing review of all audit projects by APRM, although there is no audit trail of updated/revised work retained as part of that process.
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?		✓		Only two Full-time staff. All audits reviewed as part of ongoing process.
11.2.3	Does the supervisory process cover: (a) Monitoring progress?	✓			Audits are allocated a Time Budget
	(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
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?		✓		A small range of performance indicators are in place for the Internal Audit function (<i>Copy of 2006/07 final outcomes held as evidence</i>) All audits are reviewed by APRM as part of ongoing process. Although there is a post-audit survey there is no formal quality assurance process but this will be addressed in 2007/08

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
11.3.2	Does the performance management and quality assurance framework include as a minimum: (a) A comprehensive set of targets to measure performance: (i) Which are developed in consultation with appropriate parties?			✓	Developed within Internal Audit
	(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 (<i>Example of Survey and Summaries of results included in Evidence</i>)
	(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 bi-annual basis. Last Survey sent November 2006 and encompasses Performance Improvement area as well as Internal Audit. (<i>Example of Survey and Summaries of results included in Evidence</i>)
	(d) Internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual?	✓			All Audit Working Papers reviewed by APRM 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 APRM (<i>Example held see Evidence Section 11</i>)
	(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.

REF	ADHERENCE TO THE STANDARD	Y	P	N	EVIDENCE
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
	(b) Compliant with the Code?		✓		More by exception. No formal reporting process in place for this element
	(c) Meeting internal quality standards?	✓			APRM Review of all audit project work
	(d) Effective, efficient, continuously improving?	✓			Views of Line Management sought in Post Audit survey and bi-annual 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
11.3.6	Does the Head of Internal Audit provide evidence from his or her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?	✓			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 APRM review process.