

	those of partner organisations and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?				
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?	Y			The Internal Audit Strategy and Three Year Audit plan was presented to CMT on 24 th March 2010. (see evidence folder 1.1.2)
1.1.3	Have the terms of reference been formally approved by the organisation?	Y			The Internal Audit Strategy and Three Year Audit Plan was presented to the Audit Committee on 12 th April 2010. (see evidence folder 1.1.3)
1.1.3	Are terms of reference regularly reviewed?	Y			These will be put before the Audit Committee on an annual basis.
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?	Y			The audit needs assessment makes reference to the Strategic Risk Register, service risk registers, meetings with AdS and Service Heads as well as national developments and professional networking groups. Although the audit needs assessment resulted in a three year strategic audit plan, this is updated regularly in the light of emerging risks. See report to Audit Committee September 2010 for example of revision to 2010/11 plan (See evidence 1.2.1 a)
1.2.2	Where services are provided in partnership has the Head of Internal Audit identified: a) how assurance will be sought, b) agreed access rights, where	Y			There are no partnerships. However, there is regular discussion with the Head of Audit at the Borough in relation to Shared Services. A protocol has been developed for the delivery of audits

	appropriate?				where there is a mutual interest (see evidence 1.2.2)
1.3	Other Work				
1.3.1	Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the: a) skills and b) resources to do this?	Y			The Head of Audit holds the Accredited Counter fraud Specialist (ACFS) qualification and briefs and manages any staff undertaking fraud/investigative reviews. One of the Audit Managers is CCIP trained. Internal Audit utilise specialist skills where necessary. There is time provided in the plan for fraud work and also an Ad Hoc Contingency. One of the Audit Managers hold specialist IT qualifications. (see evidence 1.3.1)
1.3.2	Do the Terms of Reference define Internal Audit's role in: a) Fraud and Corruption b) Consultancy work?	Y Y			See <u>Audit Charter</u> . (see evidence 1.3.2a and 1.3.2b- Paragraph 13 – Fraud and Paragraph 14 – Consultancy work).
1.4	Fraud and Corruption				
1.4.2	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?	Y			The Council has an <u>Anti-Fraud Policy</u> and <u>Whistle Blowing Policy</u> . This was agreed by the Audit Committee and subsequently the full Council. (see 1.4.2a Anti Fraud and Corruption Policy and 1.4.2b Confidential Reporting (Whistleblowing) Policy.)
2	Independence				
2.1	Principles of Independence				
2.1.1	Is Internal Audit: a) Independent of the activities it audits? b) Free from any non-audit (operational) duties?	Y			Internal Audit is independent of the activities it audits and currently has no non audit (operational) duties.

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?	Y			We strive to do this where ever we can. There have been no conflicts during 2010/11. If a situation arose the Head of Audit would consider how to ensure there was no conflict.
2.2	Organisational Independence				
2.2.1	Does the status of Internal Audit allow it to demonstrate independence?	Y			See Strategy section 6 which sets out Independence and Accountability.
2.2.2.	Does the Head of Internal Audit have direct access to a) Officers? b) Members?	Y Y			See Strategy section 3 Reporting Lines and Communication with members
2.2.2	Does the Head of Internal Audit report in his or her own name to members and officers?	Y			See Strategy 3 Reporting lines. See also examples of audit reports issued, which are in the name of Head of Audit .(see evidence 2.2.2a) see also reports to Audit Committee in name of Head of Audit. (see evidence 2.2.2b)
2.2.3	a) Is there an assessment that the budget for Internal Audit is adequate? b) Does any budget delegated to service areas ensure that: (i) Internal Audit adherence to the code is not compromised? (ii) The scope of Internal Audit is not affected? (iii) Internal Audit can continue to provide assurance for	Y Y			See <u>audit plan</u> and budget. The audit plan is risk based and the available resources are utilised to deliver a programme of risk based reviews together with other mandatory work .((see evidence 2.2.3a) No delegated budget

	the Statement on Internal Control?				
2.3	Status of Head of Internal Audit				
2.3.1	Is the Head of Internal Audit managed by a member of the corporate management team?	y			The Head of Audit reports directly to the Assistant Director - Finance (s151 officer) who attends Corporate Management Team.. See strategy section 3 Reporting Lines and Communication with members
2.5	Independence of Internal Audit Contractors				
2.5.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?	Y			n/a currently.
2.6	Declaration of Interest				
2.6.1	Do audit staff make formal declarations of interest?	Y			All staff have made formal declarations of interests. See file maintained for that purpose. <u>See email to staff April (see evidence 2.6.1)</u> Completed hard copies on file within Internal Audit
2.6.2	Does the planning process take account of the declarations of interest registered by staff?	Y			Yes but no real conflicts at this time. Most declarations relate to having children attending local schools and audit visits are planned to ensure that staff do not audit the schools that their children attend.
3	Ethics for Internal Auditors				
3.1	Purpose				
3.1.1	Does the Head of Internal Audit regularly remind staff of their ethical responsibilities?	Y			Staff have been reminded this year. (see evidence 3.1.1) The <u>CIPFA Code of Ethics</u> has been circulated to all staff and forms an appendix to the Audit Manual. (see Appendix 18 of CBC Audit manual – see evidence 3.1.1)

					b))
3.2	Integrity				
3.2.1	Has the internal audit team established an environment of trust and confidence?	Y			<u>Audit Manual</u> (see evidence 3.2.1 for manual. See section 3 of manual)
3.2.1	Do internal auditors demonstrate integrity in all aspects of their work?	Y			The standards expected are clearly set out in the Audit Manual and staff are reminded in team meetings.(see 3.2.1 for manual).
3.3	Objectivity				
3.3.2	Are internal auditors perceived as being objective and free from conflicts of interest?	Y			The need for objectivity is clearly set out in the CBC Audit Manual in a number of places (e.g. Section 3.1) See also paragraph 14.3 of the Internal Audit Charter)
3.3.3	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?	Y			The Head of Audit would ensure that this is the case. There are currently no examples of this.
3.3.4	Are staff rotated on regular/annually audited areas?	Y			LGR has resulted in all auditors undertaking audits in areas that are new to them. This has made rotation of audit areas inevitable. There are measures in place to develop all auditors into multi skilled auditors
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?	Y			The Head of Audit has been involved in the service risk register meetings and is aware of the organisation's aims, objectives and governance arrangements. Staff have

	<p>b) The purpose, risks and issues of the service area?</p> <p>c) The scope of each audit assignment?</p> <p>d) Relevant legislation and other regulatory arrangements that relate to the audit?</p>	<p>Y</p> <p>Y</p> <p>Y</p>			<p>access to risk assessments and risk registers.</p> <p>Audit scope agreed with each client before commencing audit.</p> <p>Regular training undertaken by staff to keep up to date with latest legislation. Internal Audit is a member of the Better Governance Forum and regularly attends technical update sessions.</p>
3.5	Confidentiality				
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?	Y			See audit manual (See paragraphs, 3.1.9, 3.2.1, 3.3.1 and 3.3.2)
4	Audit Committee				
4.1	Purpose of the Audit Committee				
4.1.1.	Does the organisation have Independent audit committees?	Y			See web site for <u>terms of reference</u> , minutes, agendas etc
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?	Y			See audit committee papers etc. Regular meetings with Audit Chair. External audit present at meetings
4.2.2	Does the committee approve the internal audit strategy and monitor progress?	Y			Audit Strategy went to April 2010 Audit Committee. ((see evidence 1.1.3) Progress reports go to subsequent meetings (see evidence 12.1 for example)
4.2.2.	Does the committee approve the annual internal audit plan and monitor progress?	Y			Annual Audit plan went to April 2010 Audit Committee. (see evidence 1.1.3) Progress reports to go to subsequent committees. (see evidence 1.2.1 for example).

4.2.4	<p>Does the Head of Internal Audit</p> <p>a) Attend the committee and contribute to it's agenda?</p> <p>b) Participate in the committee's review of its own remit and effectiveness?</p> <p>c) Ensure that the committee receives and understands documents that describe how internal Audit will fulfil its objectives?</p> <p>d) Report on the outcomes of internal audit work to the committee?</p> <p>e) Establish if anything arising from the work of the committee requires consideration of changes to the audit plan or vice versa?</p> <p>f) Present the annual internal audit report to the committee?</p>	Y			<p>Contributes to Agenda, Attends and participates.</p> <p>Audit Committee receives both the Audit Strategy and Charter which cover these areas.</p> <p>Included in progress reports.</p> <p>Would review.</p> <p>Will be undertaken annually.</p>
4.2.5	Is there the opportunity for the Head of Internal Audit to meet privately with the Audit Committee?	Y			<p>This is covered by the Constitution; Paragraph 5..4.4 states that the Head of Audit, shall have unobstructed direct access and the right of report to the Chief Executive, Directors, Assistant Directors, the Monitoring Officer, the Audit Commission, the Executive, the Leader, the Executive member with responsibility for Audit and the Chair of the Audit Committee.</p>
5	Relationships				
5.1	Principles of Good Relationships				

5.1.2	Is there a protocol that defines the working relationship for Internal Audit with: a) Management? b) Other internal auditors? c) External auditors? d) Other regulators and inspectors? e) Elected members?	Y Y Y Y Y			The Internal Audit Strategy and Charter set out the relationships a) See Charter b) See Charter (para 19.6) c) See Protocol developed with Audit Commission (evidence see 5.1.2) d) See Strategy and Charter e) See Strategy
5.2	Relationships with Management				
5.2.1	Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers?	Y			The Head of Audit has monthly team meetings aimed to ensure that the staff feel part of a team. In addition, regular meetings with Audit Managers are held to ensure communication and foster effective relationships. See manual, charter and strategy.
5.2.2.	Is the timing of audit work planned in conjunction with management?	Y			Timings of reviews are discussed as part of the initial discussions with management to agree the audit plan. Timings are also considered as part of scoping the audits and drawing up the terms of reference.
5.3	Relationship with Other Internal Auditors				
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?	Y			Regular meetings are held with the Head of Audit at the Borough to consider the approach to auditing shared services and undertaking other reviews that may affect both authorities e.g. Section 31, LAA. In addition, the Audit Managers liaise with an Audit Manager at the Borough where work is planned that affects both teams. There is an agreed protocol for audit work that is of

					mutual interest. We also participate in CCAN, MCCIAG sharing best practice with regional and national Audit Managers.
5.4	Relationship with External Auditors				
5.4.2	Is it possible for Internal Audit and External Audit to rely on each others work?	Y			External Audit placed reliance on elements of Internal audit's work. This is agreed between both parties and is set out in the Protocol between External and Internal Audit (see evidence 5.1.2)
5.4.3	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?	Y			With Audit Manager on a regular basis.
5.4.4	Are the internal and external audit plans co-ordinated?	Y			Due regard given to work of external auditor and results shared. A documented protocol between Internal and External Audit in place.
5.5	Relationship 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?	Y			Overall, where appropriate and where required a dialogue is sought.
5.6	Relationship with Elected Members				
5.6.1	Do the terms of reference for Internal Audit define the channels of communication with the members and describe how such relationships should operate?	Y			See strategy (section 3)
5.6.1	Does the Head of Internal Audit maintain good working relationships with members?	Y			The Head of Audit meets with the Chair of the Audit Committee and Portfolio holder for Resources, as appropriate.
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?	Y		See team structure (see 1.3.1 for evidence) Staff hold a variety of qualifications including CIPFA, CIMA, CIAEW, IIA AAT CISA, CCIP and ACFS.
6.1.1	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?	Y		There is a budget provision for professional services that could be utilised if required. In addition, the Head of Audit has agreed with the Benefits Team that their skills could be utilised if required on investigations and the Head of the Financial Investigations Team within Trading Standards has also offered his support if required.
6.1.2	Is the Head of Internal Audit professionally qualified and experienced?	Y		The Head of Audit is professionally qualified (CIPFA) and has many years experience both within Internal Audit and Finance. All Audit Managers are professionally qualified and Auditors are suitably qualified for the posts..
6.1.2	Does the Head of Internal Audit have wide experience of internal audit and management?	Y		The team has in-depth Local Government (at all tiers) and private business experience. The Head of Audit and the Audit Managers have also undertaken management training whilst at BCC (Being a Bedfordshire Manager)
6.1.3	a) Do all internal audit staff have up to date job description's? b) Are there person specifications that define the required qualifications, competences, skills, experience and personal attributes for internal audit staff?	Y Y		There are clear job descriptions for Senior Auditors and the Head of Audit Risk.they held at BCC. . <u>Senior Auditor JD</u> <u>Head of Audit JD</u> <u>Audit Manager JD</u>
6.2	Training and continuing Professional Development			

6.2.1	<p>a) Has the Head of Internal Audit defined the skills and competencies for each level of auditor?</p> <p>b) Are individual auditors periodically assessed against these predetermined skills and competencies?</p> <p>c) Are training or development needs identified and included in an appropriate ongoing development programme?</p> <p>d) Is the development programme recorded, regularly reviewed and monitored?</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>		<p>See PDR file</p> <p>With the creation of the new Central Bedfordshire Internal Audit Team all staff were assessed against the CIPFA publication "The Excellent Internal Auditor" in order to identify skills gaps. The skills and competencies defined in this document were used for each level of auditor assessed. In addition, all staff have received a PDR reviews at CBC and the combined assessments have been used to identify training needs. The PDRs will be revisited and revised regularly. Staff are required to feedback to the whole team on training sessions attended in order to cascade the knowledge across the team (see Team minutes). In addition, any electronic copies of training slides are saved on the Internal Audit shared drive under training so that all staff may access the information. (for evidence see 3.1.1 for example) Due to the high level of professional qualifications held by the team, most training needs identified relate to keeping abreast of current developments within Internal Audit, extending individuals experience of auditing a variety of areas and technical training in new applications, such as Galileo.</p>
6.2.2	Do Individual auditors maintain a record of their professional training and development activities?	Y		See individual training logs
7	Audit Strategy and Planning			
7.1	Audit Strategy			
7.1.1	a) Is there an Internal strategy for delivering the service?	<p>Y</p> <p>Y</p>		Reviewed annually (see evidence 1.1.1)

	b) Is it kept up to date with the organisation and its changing priorities?			
7.1.2	Does the strategy include: a) Internal Audit objectives and outcomes? b) How the Head of internal Audit will form and evidence his or her opinion on the control environment? c) How Internal Audit's work will identify and address local and national issues and risks? d) How the service will be provided, ie internally, externally, or a mix of the two? e) The resources and skill required to deliver the strategy?	Y		See strategy
7.1.3	Has the strategy been approved by the audit committee?	Y		The Strategy was presented to the April 2010 Audit Committee. (see 1.1.3 for evidence0
7.2	Audit Planning			
7.2.1	Is there a risk-based plan that is informed by the organisation's risk management, performance management and other assurance processes?	Y		As a new authority a detailed audit needs assessment was undertaken. This involved identifying known risks from the legacy authorities and also discussions with Directors, ADS and Heads of Service. The Head of Audit has participated in meetings to discuss risk registers in order to ensure that audit risks have been identified. The 2009/10 and 2010/11 annual plans were based on recognised risks in the first years and a strategic plan was presented to the April Audit Committee. The risks to the organisation are constantly changing as a result in changes in legislation and cuts in Government funding

					and the audit plan for 2011/12 will be revisited to ensure that it reflects the risks to the organisation..
7.2.1	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?	Y			See above.
7.2.1	Are stakeholders consulted on the audit plan?	Y			2010- 11 plan went to CMT. (see 1.1.2)
7.2.2	Does the plan demonstrate a clear understanding of the organisation's functions?	Y			
7.2.2	Does the plan: a) cover a fixed period of no longer than one year? b) Outline the assignments to be carried out? c) Prioritise assignments? d) Estimate the resources required? e) Differentiate between assurance and other work? f) Allow a degree of flexibility?	Y Y Y Y Y Y			The 2010/11 plan was for one year only. It lists the assignments to be undertaken. Only high risk reviews or work that there is a commitment to undertake (e.g FMSIS reviews, NFI) has been included. The resource requirement has been estimated. However, as a new authority these estimates may be understated. There is a degree of flexibility as there is a contingency provision and a general consultancy provision.
7.2.4	Is there an imbalance between the resources available and resources needed to deliver the plan, is the audit committee informed of proposed solutions?			N	The plan was based upon available resources. Some of the audit reviews may go over budget . The Audit Committee will be kept informed of position.
7.2.4	Has the plan been approved by the audit committee?	Y			The plan was approved by the April 2010 Audit Committee.
7.2.5	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	Y			These would be reported to the Audit Committee.
8	Undertaking Audit Work				

8.1	Planning			
8.1.1	a) Is a brief prepared for each audit? b) Is the brief discussed and agreed with the relevant managers?	Y Y		See audit files – brief on every files signed by Head of IA and Auditee. See typical examples on evidence files (need to look at hard copies to evidence signatures) AP Brief (see 8.1.1a) AR brief (see 8.1.1 b) Council Tax brief (see 8.1.1c) NNDR brief (see 8.1.1d) Treasury Management brief (see 8.1.1 e) Cash and Banking Brief (see 8.1.1f) Housing Rents (see 8.1.1g) Housing Benefits brief (see 8.1.1 h) Payroll brief (see 8.1.1i)
8.1.1	Does brief set out a) objectives? b) scope? c) timing? d) resources? e) reporting requirements?	Y Y Y Y Y		See examples on evidence file
8.2	Approach			
8.2.1	Is a risk based audit approach used?	Y		See e.g. briefs and final reports and audit plan
8.2.3	Does the audit approach show when management should be informed of Interim findings where key (serious) issues have arisen?	Y		The audit briefs for the managed audits have specifically referred to this issue. (see para 5.5) Sheet on audit files for urgent matters
8.2.4	Does the audit approach include a quality review process for each audit?	Y		Audit Managers and Head of Audit key to quality assurance. See audit manual and questionnaire
8.3	Recording Audit Assignments			

8.3.1	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	Y			See audit manual There are standard templates for audit work, which are saved on the shared drive.
8.3.1	Do quality reviews ensure that the defined and standard is followed consistently for all audit work?	Y			Managers review for consistency. Head of Audit reads all reports before issue.
8.3.2	Are working papers such that an experienced auditor can easily: a) identify the work that has been performed? b) Re-perform it if necessary. c) See how the work supports the conclusions reached	Y			See files Audit approach is geared around this principle.
8.3.3	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	Y			See audit manual
8.3.3	Do all retention and access policies confirm to appropriate legislation, ie. Retention Data Protection Act, Freedom of Information Act etc. and any organisational requirements?	Y			FOI now included in revised Audit Manual
8.3.3	Is there an access policy for audit files and records?	Y			This has been included in our revised Audit Manual
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: a) being fair and not allowing prejudice or bias to override objectivity?	Y			See audit manual

	<ul style="list-style-type: none"> b) Declaring interests that could be perceived to be conflicting or could potentially lead to conflict? c) Receiving and giving gifts and hospitality from employees, clients, suppliers or third parties? d) Using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions? e) Being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest? f) Having sufficient knowledge to identify indicators that fraud or corruption may have been committed? g) Disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice? h) Disclosing any non-compliance with these standards? i) Not using information they gain in the course of their duties for personal use? 				
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?	Y			See audit manual. Every audit reviewed by manager. All reports cleared by Head of Audit. Managed audit files reviewed by external auditors
9.3.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	Y			Staff have been trained and are aware of process. See audit manual
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?	Y			Yes. See audit reports and manual
10.1.3	Has the Head of Internal Audit determined the way in which internal Audit will report?	Y			See manual
10.1.4	Has the Head of Internal Audit set out the standards for internal audit reporting?	Y			See manual
10.1.5	Are there laid-down timescales for reports to be issued?	Y			See manual. Also referred to in briefs.
10.2	Reporting on Audit Work				
10.1.4	Do the reporting standards include : a) format of the reports? b) Quality assurance of reports? c) The need to state the scope and purpose of the audit? d) The requirement to give an opinion? e) Process for agreeing reports with the recipient? f) An action plan or record of points arising from the audit and where	Y			See audit manual and also standard working paper/reports templates.

	appropriate, of agreements reached with management together with appropriate timescales?				
10.2.3	Does the audit reporting process include discussion and agreement of reports?	Y			See audit manual
10.2.4	Has the Head of Internal Audit determined a process for prioritising recommendations according to risk?	Y			See audit manual
10.2.5	Are areas of disagreement recorded appropriately?	Y			See audit manual
10.2.5	Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention to senior management?	Y			See audit manual
10.2.6	Is the circulation of each audit report determined when preparing the audit brief?	Y			As far as practically possible it is identified in the brief. Some reviews are difficult to anticipate actions and all responsible officers until the end the review. Clear in Report.
10.2.6	a) Does the reporting process include details of circulation of that particular audit report? b) Is this included in the brief for each individual audit?	Y			See audit manual
10.2.7	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?	Y			See audit manual. High Risks are now feed into a corporate tacking system. Audit & Inspection Internal Audit High Risk Recommendations.

	b) risk registers are updated?				Audit reports now include a standard paragraph requesting managers to update the service risk registers to reflect the findings of the audit report.
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?	Y			See Audit Manual. For all managed audits, a follow up of previous recommendations is a standard part of the audit.
10.3.2	Has the Head of Internal Audit established appropriate escalation procedures for internal audit recommendations not implemented by the agreed date?	Y			Corporate high risk monitored centrally via performance. Tracking of high risk recommendations reported to the Audit Committee.
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	Y			Separate report produced
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	Y			Unsatisfactory - followed up or full audit
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 of Internal Control?	Y			Yes – to support AGS. This is reported to the June Audit Committee.
10.4.2	Does the Head of Internal Audit's annual report : a) include an opinion on the overall adequacy and effectiveness of	y			The annual report covers these areas.

	<p>the organisation's control environment?</p> <p>b) Disclose any qualifications to that opinion, together with the reasons for the qualification?</p> <p>c) Present as summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies?</p> <p>d) Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Statement on Internal Control?</p> <p>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?</p> <p>f) Comment on compliance with the standards of the Code?</p> <p>g) Communicate the results of the internal audit quality assurance programme?</p>				
10.4.3	Has the Head of Internal Audit made provision for interim reporting to the organisation during the year?	y			See progress report minutes of audit committee
11	Performance, Quality and Effectiveness				
11.1	Principles of Performance, Quality and Effectiveness				

11.1.1	Is there an audit manual?	y			
11.1.1	Does the audit manual provide guidance on: a) carrying out day-to-day audit work? b) Comply with the Code?	Y			See audit manual
11.1.1	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	Y			A manual was produced during 2009/10, when CBC was created. It was reviewed during November 2010 to reflect changes in roles and responsibilities as a result of the senior management review. However, it will be reviewed annually. To facilitate an easy approach to review, a number of key documents have been attached as appendices, e.g strategy and charter. These can be updated as and when the documents are reviewed and revised.
11.1.2	Does the Head of Internal Audit have arrangements in place to assess the performance and effectiveness of: a) each individual audit b) the internal audit service as a whole?	Y			Questionnaire , Targets , PDR etc Audit Manual In addition to the usual post audit review, auditors' work has been assessed using the approach suggested in The Excellent Internal Auditor document. This is intended to identify any performance weaknesses which will be addressed through monitoring.
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?	Y			Every effort is made to assign the audit appropriately. As a new authority, it is inevitable that auditors may be required to audit areas that are new to them. The PDR process and the review of skills against "The Excellent Internal Auditor" have enabled the Head of Audit and Audit Managers to identify development needs.

				<p>Appropriate mentoring is being undertaken within the team to ensure that auditors can undertake the reviews effectively. E.g toolkit reviews assigned to ex district staff have been supported by staff who have experience in delivering them. Similarly, managed audit reviews are being undertaken by staff with experience in those areas with the support of staff who are still developing those skills.</p> <p>This is ongoing as there have been a number of staffing changes since LGR.</p>
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?	Y		2 managers
11.2.2	Does the supervisory process cover: a) monitoring progress? b) Assessing quality of audit work? c) Coaching staff?	Y		See audit manual and files
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?	Y		<p>There are KPIs in place and the audit software Galileo monitors performance.</p> <p>All audit work is reviewed by Audit Managers to ensure quality.</p> <p>All audit reports are reviewed by Head of Audit to ensure quality.</p> <p>All managed audit files are reviewed by Head of Audit to ensure that work has been reviewed and files are produced and cross referenced appropriately.</p>
11.3.2	Does the performance management and quality assurance framework include as a	Y		As a new authority, this needs to be developed further but

	<p>minimum:</p> <ul style="list-style-type: none"> a) a comprehensive set of targets to measure performance: <ul style="list-style-type: none"> (i) which are developed in consultation with appropriate parties? (ii) Which are included in service level agreements, where appropriate? (iii) Against which the Head of Internal measures, monitors and reports appropriately on progress? b) User feedback obtained for each individual audit and periodically for the whole service? 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? d) Internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual? e) an action plan to implement improvements? 			<p>we have most of the building blocks in place – see audit manual.</p> <p>Recently benchmarking has been undertaken to ensure that targets are appropriate.</p> <p>External Audit undertook a review of Internal Audit against the CIPFA Code during 2009/10 and this was reported to the Audit Committee. This confirmed compliance with the Code.</p> <p>The Chair of the Audit Committee will undertake a review during 2010/11.</p>
11.3.3	Does the Head of Internal Audit compare the performances and the effectiveness of the service over time, in terms of both	Y		Member of CIPFA Benchmarking Club for internal Audit. Again, as a new authority this is an area for development.

	the achievement of targets and the quality of the service provided to the user?			
11.3.1	Do the results of the performance management and quality assurance programme evidence that the internal audit service is: a) meeting its aims and objectives? b) compliant with the Code? c) meeting internal quality standards? d) effective, efficient, continuously improving? e) adding value and assisting the organisation in achieving its objectives?	Y		The Head of Audit regularly reviews the processes followed to ensure compliance with the Code. Work is undertaken to ensure that the audit plan is monitored and delivered. A key objective is to ensure that the work undertaken is relevant and adds value. Head of Audit reviews all reports issued to ensure that recommendations are SMART and add value. This is particularly important in the current economic climate where resources within the authority are limited.
11.3.4	Does the Head of Internal Audit report on the results of the performance management and quality assurance programme in the annual audit report?	Y		Yes. Reported to the June Audit Committee.
11.3.5	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?	Y		The review of compliance with the CIPFA Code is supported by and cross referenced to a portfolio of evidence.

I have undertaken an independent review of Internal Audit in order to ensure that the opinion determined by the Head of Audit in the annual report may be relied upon as a key source of evidence to inform the Annual Governance Statement.

My review has included:

- a) Review of the Head of Audit's assessment of compliance with CIPFA Code of Practice
- b) Review of performance indicators

- c) Review of outcome of customer satisfaction surveys
- d) Consideration of the implementation of recommendations made by the Audit Commission in their 2009/'10 review.

Although there are areas for improvement I have concluded that the internal audit system complies with the CIPFA Code of Practice..

Signed:

Date: