

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2007/08**LEAD OFFICER:** Georgina Ayling**AUTHOR:** Georgina Ayling**SUMMARY:** This report provides Members with an opinion on the effectiveness of Internal Audit in 2007/08.

Recommendation: That Members note the report and consider its contribution to the Annual Governance Statement.

1 INTRODUCTION**1.1 LEGISLATIVE REQUIREMENT**

The Accounts and Audit (Amendment) (England) Regulations 2006 came into force on 1 April 2006. Regulation 6 requires bodies to review the effectiveness of their system of internal audit once a year and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of the system of internal control.

1.2 DCLG GUIDANCE

The Department for Communities and Local Government (DCLG) issued guidance on these Regulations, suggesting that an Audit Committee would be the appropriate body to consider the findings of the review, as an Audit Committee already has a role in monitoring internal audit but is independent from it. However, the DCLG guidance offers little practical guidance on how relevant bodies should go about carrying out the annual review of the effectiveness of the system of internal audit.

1.3 CIPFA GUIDANCE

In response to the above, the Chartered Institute of Public Finance and Accountancy (CIPFA) published guidance in January 2007.

1.3.1 Definition of Internal Audit

Includes:-

- the main internal audit service provider
- any outsourced internal audit work
- the internal audit of outsourced services
- the effectiveness of the Audit Committee itself

1.3.2 Who should carry out the review?

It is the responsibility of the local authority to conduct the annual review; it is not a review that will be carried out by the external auditor as part of the annual audit. As with the Annual Governance Statement, the completion of the review of the system of internal audit will usually be carried out by a group

of officers and/or members. The results of the review are then reported to the Audit Committee, often after consideration by a senior officer team. The review group could be a task group of the Audit Committee or it could be entirely officer-based. Whilst the Head of Internal Audit could carry out a self assessment, this would then have to be reviewed by the review team before being submitted to the Audit Committee.

1.3.3 What should the review cover?

- Compliance with the CIPFA Code of Practice for Internal Audit in Local Government
- Key performance indicators. For example:-
 - % of approved audit plan completed
 - % of time delivered for non-assurance work (non-audit work)
 - % of time that is chargeable (direct audit time)
 - % of time spent on client support and advice
 - % of work that is specifically requested
- Response to Management Satisfaction Questionnaires
- Extent to which reliance is placed on internal audit by the external auditor in relation to the key financial system controls
- Assurances given by the auditors of outsourced functions (e.g. Leisure)
- The external auditor's Use of Resources assessment

1.3.4 The outcome of the review

The result of the review needs to be considered by the Audit Committee and included in the Annual Governance Statement. Any areas for development or change should be identified in the report. [The Annual Governance Statement action plan should contain only significant weaknesses].

2 FINDINGS OF THE REVIEW

2.1 The Audit and Fraud Prevention Manager carried out a self assessment, shown at Appendix A. This was reviewed by Corporate Team on 19 May 2008 and the report has also been circulated to the external auditor for comment.

2.2 Opinion 2007/08

Based on the review undertaken, it was concluded that the system of internal audit has operated satisfactorily in 2007/08 and there has been no fundamental breakdown of controls resulting in material error or discrepancies. Satisfactory arrangements were implemented to ensure the effective, efficient and economic operation of the Council's financial affairs.

This statement is intended to provide reasonable assurance. It should be read in conjunction with the Annual Governance Statement, which reviews the wider system of internal control.

2.3 Areas for Development

Actions required are identified in bold in the Action column of Appendix A.

List of Appendices:

Appendix A – Self assessment of the effectiveness of internal audit 2007/08

Appendix B - Self assessment of compliance with the CIPFA Code of Practice for Internal Audit in Local Government.

List of Background Documents: None

Officers Consulted: Corporate Team, External Auditor

SELF ASSESSMENT BY THE AUDIT & FRAUD PREVENTION MANAGER 2007/08

<p>Compliance with the CIPFA Code of Practice for Internal Audit</p> <p>A self-assessment, copied to the external auditor, reviewed our compliance with the Code of Practice issued in December 2006. Full details are shown at Appendix B to this report. The Code of Practice consists of 11 Standards. The Internal Audit service at Copeland B.C. fully complied with 64% of the Standards and mostly complied with a further 36% in 2007/08.</p> <p>Areas of non-compliance related to:-</p> <ul style="list-style-type: none"> • Formal protocol for joint working with other internal auditors [rare occurrence] • Reliance of external audit on internal audit work [quality check & opinion outstanding as at 19/5/08] • Regular meetings set up between Internal Audit Manager & the External Audit Manager. • Dialogue established with other Regulators & Inspectors. [No involvement required in 2007/08] • Reduction in staffing resources meant failure to achieve planned audit coverage. • Circulation of audit report determined when audit brief prepared. [Standard circulation agreed but may need to be sent to additional officers depending upon audit findings] • Performance targets to be included in service level agreements, where appropriate. [Corporate decision to discontinue SLA's]. • Aims and objectives not fully met. [Due to staff vacancy for 5 months in 2007/08] 	<p>Action:</p> <p>Protocol will be drawn up if needed. Quality check arranged for June 08.</p> <p>Included in Protocol for 2008/09. Involvement as required. Auditor appointed from 1/5/08. No action.</p> <p>Performance targets are included in Service Plan. Backlog carried forward to 08/09.</p>
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Key Performance Indicators

68% of the Audit Plan was achieved, compared to a target of 90%.

0.5% time was non-audit work [Financial appraisals; admin work re Concessionary Travel.

This excludes the 5 months secondment to the Accountancy section]

64% was direct audit time [i.e. time spent on audit work rather than management, meetings, training, focus groups etc] compared to a target of 68%

1% of time was spent on client support and advice

3% of audit days were spent on work that was specifically requested by managers.

A detailed review of audit activities has been given in the quarterly monitoring reports submitted to the Audit Committee. The Audit section consists of 3 dedicated audit staff and a manager who is also responsible for the Fraud section. A staff vacancy for 5 months [secondment of Senior Auditor to Accountancy section], therefore, resulted in significant lost time. In addition, annual audits on the main financial systems exceeded the allocated time due to the introduction of 3 new main financial systems in April 2007 [general ledger, creditors and debtors]. However, testing on all the main financial systems audits were completed by 31 March, although the final report on the Main Accounting System was not issued until April. A review of 2007/08 Corporate Governance arrangements was also undertaken in April.

Detailed performance indicators for 2007/08 are shown at Appendix C of the Audit Services Monitoring report for the Fourth Quarter, reported to Audit Committee 23 04 08. Actual days carried out against the approved plan are shown on the report presenting the Strategic Audit Plan to Audit Committee 28 05 08.

Action:
Additional time will be allowed for these audits in 2008/09.

Response to Management Satisfaction Questionnaire

The questionnaire was circulated to 43 officers i.e. members of Corporate Team, Management Group and 9 team leaders whose systems had been audited in 2007/08. Only 11 questionnaires were returned, despite issuing a reminder. We assume that if managers had concerns about the internal audit service, they would have taken this opportunity to record this. A summary is given below:-

- | | |
|---|--------------|
| • 10 felt they were sufficiently consulted on the Audit Plan [1 no response] | <u>Trend</u> |
| • 2 would like extra audit services [1 no response] | ↑ |
| • 4 rated the overall usefulness of audits as excellent, 5 good [2 no response] | = |
| • 8 rated the general helpfulness of audit staff as excellent, 1 good [2 no response] | ↑ |
| • 8 rated the responsiveness of audit to managers' needs as excellent, 1 good [2 no response] | ↑ |
| • 8 did not prefer audit services to be provided differently [3 no response] | ↑ |
| • 4 rated audit services as providing excellent value for money | ↑ |
| • 4 rated audit services as providing good value for money [1 adequate; 2 no response] | ↑ |

This shows a second year of improvement in customer satisfaction, compared to the previous year. Dissatisfaction, as in the previous year, is related to wanting more audit coverage – 2 respondents would like extra audit services related to performance & process improvement.

Given the limited audit resources of 3 FTE staff plus the manager, who is also responsible for the Fraud section, and the requirements that have to be met for the external auditor and the CIPFA Code of Practice for Internal Audit, there is little we can do to develop more operationally-focused audits. The main emphasis to satisfy statutory requirements is on financial and corporate governance controls.

Action:
Where possible, management requests will be built into the audit plan. Contingency days are also allowed for ad hoc requests.

<p>Extent to which reliance is placed on internal audit by the external auditor in relation to the key financial system controls / Use of Resources Assessment</p> <p>There were no adverse comments about internal audit in the Use of Resources Auditor Judgements issued in December 2007.</p> <p>Internal audit provided system files for all the main financial systems for the external auditor's preparatory work on the Statement of Accounts. However, the quality inspection of internal audit will not take place until June 2008, therefore an opinion on internal audit has not been expressed in the Annual Audit & Inspection Letter issued in March 2007.</p>	<p>Action Head of Finance & Business Development to obtain an Assurance Statement from Capita Symonds in respect of outsourced Valuation Services.</p>
<p>Assurances given by the auditors of outsourced functions</p> <p>The Head of Finance and Business Development has received an Assurance Statement from the auditors of North Country Leisure. [Copied to Internal Audit]. "Opinion 2007/08: Based on the work undertaken during the year, Internal Audit has reached the opinion that key systems are operating satisfactorily and there is no fundamental breakdown of controls resulting in material error or discrepancies. Satisfactory arrangements were implemented to ensure the effective, efficient and economic operation of the organisation's financial affairs. No significant issues reported by exception during any of the audits."</p>	
<p>Outsourced Internal Audit Work</p> <p>There was no outsourced internal audit work undertaken in 2007/08.</p>	

Effectiveness of the Audit Committee

The effectiveness of the Audit Committee in 2007/08 has been reviewed in line with the self-assessment checklist – Measuring the Effectiveness of the Audit Committee - provided in the Audit Commission publication “Audit Committees: Practical Guidance for Local Authorities” [Nov. 2005].-

	<u>Comment</u>
<u>Terms of Reference</u> Have the Committee's terms of reference been approved by full Council?	YES In the Constitution.
Do the terms of reference follow the CIPFA model?	YES In the Constitution.
<u>Internal Audit Process</u> Does the Committee approve the strategic audit approach and the annual programme?	YES Reported 31/5/07 & 28/5/08
Is the work of internal audit reviewed regularly?	YES Quarterly reports.
Are summaries of quality questionnaires from managers reviewed?	YES Annual report 31/5/07
Is the annual report, from the head of audit, presented to the Committee?	YES 31/5/07 & 28/5/08
<u>External Audit Process</u> Are reports on the work of external audit and other inspection agencies presented to the Committee?	YES As reports are issued
Does the Committee input into the external audit programme?	YES Plan discussed. Opportunity for input.
Does the Committee ensure that officers are acting on and monitoring action taken to implement recommendations?	YES Quarterly review.
Does the Committee take a role in overseeing:- - Risk management strategies - Internal Control Statements / Annual Governance Statement - Anti-Fraud arrangements - Whistleblowing strategies [Confidential Reporting Code – Full Council]	YES Also OSC Mgt YES 6/6/07 & 4/6/08 YES 31/10/07 YES 31/10/07 within Anti-Fraud & Corruption.

5

Effectiveness of the Audit Committee (continued)

Membership

Has the membership of the committee been formally agreed & a quorum set? YES In the Constitution.

Is the Chair free of executive or scrutiny functions? YES

Are Members sufficiently independent of the other key committees of the Council? YES No executive or scrutiny members.

Have all members' skills and experiences been assessed & training given for identified gaps? YES Member Personal Development Programmes.

Can the Committee access other Committees as necessary? YES

Meetings

Does the Committee meet regularly? YES Committee Calendar – at least 8 times a year.

Are separate private meetings held with the external auditor & the internal auditor? NO but can on request.

Are meetings free and open without political influences being displayed? YES

Are decisions reached promptly? YES Usually. [1 meeting ran out of time]

Are agenda papers circulated in advance of meetings to allow adequate preparation by members? YES Usually. Occasionally tabled.

Does the committee have the benefit of attendance of appropriate officers at its meetings? YES. s151 Officer, Audit Manager as a minimum. Chief Exec where possible and other officers as appropriate to agenda items.

Council has approved an independent Chair for the Audit Committee for 2008/09. That role has been advertised and the post is to be taken up in June / July 2008.

Effectiveness of the Audit Committee (continued)	
<u>Training</u> Is induction training provided to members?	YES Standard induction.
Is more advanced training available as required?	YES Specific to Audit Committee
<u>Administration</u> Does the authority's s151 Officer or deputy attend all meetings?	YES
Are the key officers available to support the committee?	YES Democratic Services.

APPENDIX B

CHECKLIST – COMPLIANCE WITH THE CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT IN LOCAL GOVERNMENT (DEC. 2006)

Completed by Marilyn Robinson, Audit & Fraud Prevention Manager 15/04/08

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

Ref	Adherence to the Standard	Y	P	N	Evidence	Reasons for non-compliance / Compensating measures in place / Action Required
1	Scope of Internal Audit					
1.1	Terms of Reference					
1.1.1	Do terms of reference: (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? (e) identify Internal Audit's contribution to the review of the effectiveness of the control environment? (f) require and enable the Head of Internal Audit to deliver an annual audit opinion? (g) define the role of Internal Audit in any fraud-related or consultancy work (see also 1.3.2)? (h) explain how Internal Audit's resource requirements will be assessed?	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓			Audit Charter revised & approved by Audit Committee 26/9/07. This includes sections on:- - Function - Independence - Role & Scope - Resource Requirements - Reporting - Responsibility	

8

Ref	Adherence to the Standard	Y	P	N	Evidence
1.1.1 cont'd	(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?	✓			Audit Charter – as above.
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?	✓			Audit Charter and subsequent revisions were drafted by the Audit Manager.
1.1.3	Have the terms of reference been formally approved by the organisation?	✓			Last revision approved by Audit Committee 26/9/07.
1.1.3	Are terms of reference regularly reviewed?	✓			Original Audit Charter approved by the Audit Committee 8 June 2000; Revision 1 approved by Audit Sub Group 7 June 2004; Revision 2 approved by Full Council December 2005; Revision 3 by Audit Committee 26/9/07.
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?	✓			Annual risk assessment of auditable areas. In 2007/08 this also included a review of the organisation's service plans and operational risk registers.

Ref	Adherence to the Standard	Y	P	N	Evidence
1.2.3	<p>Where services are provided in partnership has the Head of Internal Audit identified:</p> <p>(a) how assurance will be sought?</p> <p>(b) agreed access rights where appropriate?</p>	✓			<p>Previously identified to S151 officer (Head of Finance & Business Development) and Head of Legal Services that an assurance statement must be sought from partners where there is no internal audit access. Tender documentation for Valuation Services included a requirement for the assurance statement. Leisure Trust – agreed they will use their own internal audit but there will also be an "open book" arrangement. North Country Leisure provided an assurance statement for the 2006/07 Final Accounts process. Access rights provided in 2007/08 re delivery of Local Area Agreement Grant by Neighbourhood Manager.</p>
1.3	Other Work				
1.3.1	<p>Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the:</p> <p>(a) skills, and</p> <p>(b) resources to do this?</p>	✓			<p>Audit Manager is a CIPFA qualified accountant and has attended fraud investigation courses (last update September 2006).</p> <p>"Consultancy" on corporate task groups is kept to a minimum due to limited staff resources. Role is agreed at outset. e.g. member of the Project Assurance Team on the Alternative Payments Project.</p> <p>There is also a dedicated Fraud Team (4 staff) who are Professionals In Security (PINS) trained. They largely deal with Benefits fraud.</p>
1.3.2	<p>Do the terms of reference define Internal Audit's role in:</p> <p>(a) fraud and corruption?</p> <p>(b) consultancy work?</p>	✓			<p>Role is to assist managers in ensuring the absence of fraud and other irregularities or to assist in detecting it where it exists. Formal written brief is required for "Consultancy" work. See 1.3.1 above. Where this is a Value for Money Study, a planning memorandum will be agreed.</p>

Ref	Adherence to the Standard	Y	P	N	Evidence
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?	✓			<p>Instructions to managers /employees are set out in the Anti-Fraud and Corruption Strategy (revised and relaunched in 2007/08) and the Confidential Reporting Policy. Audit Manager is one of the named contacts.</p> <p>Financial Regulation D6 also requires suspected irregularities to be reported to the Head of Finance & Business Development. She would then inform Audit.</p>
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?	✓ ✓			<p>No operational duties – see job profiles. The Audit Charter states that auditors do not routinely undertake non audit duties but, where they do so, exceptionally, it is understood that they are not then functioning as auditors.</p> <p>In 2007/08, some additional hours worked for Accountancy by 1 part- time Audit Technical Officer but she will not be required to audit this work. [Mailing documentation re Concessionary Travel]. Senior Auditor was seconded to the Accountancy section for 5 months but left the Authority without returning to the Audit section.</p>

Ref	Adherence to the Standard	Y	P	N	Evidence
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?	√			If Audit have been consulted during system / policy / procedure development, it would be a different auditor who would carry out any routine or future audits. e.g. Implementation of Chipside Enforcement system – Audit Manager & Senior Auditor involved in implementation; live system audited by Audit Technical Officer. Similarly for the main financial system implemented April 2007. [Evidence on the Project and system audit files].
2.2	Organisational Independence				
2.2.1	Does the status of Internal Audit allow it to demonstrate independence?	√			Internal Audit reports directly to the Head of Finance & Business Development but all audit reports are issued by the Audit & Fraud Prevention Manager in her own name. Her job profile sets out that she can contact all levels within the organisation, officers and Members and anyone externally in connection with the Council's business. The Audit Charter also gives direct access to the Chief Executive and to the Chairman of the Audit Committee.
2.2.2	Does the Head of Internal Audit have direct access to: (a) officers? (b) members?	√ √			See 2.2.1 above
2.2.2	Does the Head of Internal Audit report in his or her own name to members and officers?	√			See 2.2.1 above

Ref	Adherence to the Standard	Y	P	N	Evidence
2.2.3	<p>(a) Is there an assessment that the budget for Internal Audit is adequate?</p> <p>(b) Does any budget delegated to service areas ensure that:</p> <ul style="list-style-type: none"> (i) Internal Audit adherence to the Code is not compromised? (ii) the scope of Internal Audit is not affected? (iii) Internal Audit can continue to provide assurance for the Statement on Internal Control? 	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>			<p>Reviewed annually, with opportunity to submit a growth bid.</p> <p>Approved an extra half a post in 2005/06 to ensure adequate coverage in the Strategic Audit Plan. In 2008/09 budget, have approved the merging of 2 part time posts to create 1 full time post, with funding approved to resolve grading anomaly.</p> <p>Budget is not delegated to service areas. The recharge is automatically apportioned, based on the audit plan.</p>
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?	✓			Line Manager is the Head of Finance & Business Development
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?				Not applicable. Internal Audit is provided in-house.
2.6	Declaration of Interest				
2.6.1	Do audit staff make formal declarations of interest?	✓			Corporate Register. Reminder given at Employee Development Interviews 2007/08. [Hard copy notes on Staff Development file held by Audit Manager]

Ref	Adherence to the Standard	Y	P	N	Evidence
2.6.2	Does the planning process take account of the declarations of interest registered by staff?	✓			Not applicable. No interests declared in 2007/08 that would impact on the audit plan.
3	Ethics for Internal Auditors				
3.1	Purpose				
3.1.1	Does the Head of Internal Audit regularly remind staff of their ethical responsibilities?	✓			Audit Standards covered at induction and when codes updated. All staff are also members of professional bodies with their own ethics code.
3.2	Integrity				
3.2.1	Has the internal audit team established an environment of trust and confidence?	✓			Annual Management Satisfaction Questionnaire.
3.2.1	Do internal auditors demonstrate integrity in all aspects of their work?	✓			Each audit is reviewed by an auditor independent of those carrying out the audit. Management Satisfaction Questionnaire – audit findings are deemed to be fairly stated.
3.3	Objectivity				
3.3.2	Are internal auditors perceived as being objective and free from conflicts of interest?	✓			As 2.1.1, 2.1.2 & 3.2.1
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?	✓			Would not audit the period where they had been responsible for transactions. [e.g. if an accountancy employee were appointed to an audit post]. Not applicable in 07/08.

Ref	Adherence to the Standard	Y	P	N	Evidence	
3.3.4	Are staff rotated on regular/annually audited areas?	✓			Where possible, as part of employee development. Relevant audit file records who undertook the audit.	Compensatory control: all audit files are reviewed independently of the auditor carrying out the audit. Quality check undertaken.
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? (b) the purpose, risks and issues of the service area? (c) the scope of each audit assignment? (d) relevant legislation and other regulatory arrangements that relate to the audit?	✓ ✓ ✓ ✓			Consultation and discussion re the Corporate Plan, in developing the annual Audit & Fraud Prevention Service Plan. Use the CIPFA matrices / risk analysis where available for systems work. Scope of each audit is agreed with the auditor as part of the Planning Memorandum at the start of the audit. Relevant legislation is researched & filed on the audit file, as part of the audit.	
3.5	Confidentiality					
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?	✓			Confidentiality Statements signed by all staff. Data Protection issues covered. All staff attended training sessions.	
4	Audit Committees					
4.1	Purpose of the Audit Committee					
4.1.1	Does the organisation have an independent audit committee?	✓			Established in 2006/07. Audit Committee agendas and reports available on the Council's web site.	

Ref	Adherence to the Standard	Y	P	N	Evidence
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?	✓			Full discussion takes place at the meetings. Any additional information is supplied upon request. Audit Committee supported the work of Internal Audit e.g. Supported the bid for an extra half post in 2005/06.
4.2.2	Does the committee approve the internal audit strategy and monitor progress?	✓			Approved the Strategic Audit Plan at the first meeting of the Committee cycle [31 May 2007]. This includes a review of resources available – in house & bought in. Received quarterly monitoring reports throughout the year.
4.2.2	Does the committee approve the annual internal audit plan and monitor progress?	✓			As 4.2.2
4.2.4	Does the Head of Internal Audit: (a) attend the committee and contribute to its agenda? (b) participate in the committee's review of its own remit and effectiveness? (c) ensure that the committee receives and understands documents that describe how Internal Audit will fulfil its objectives? (d) report on the outcomes of internal audit work to the committee? (e) establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa? (f) present the annual internal audit report to the committee?	✓ ✓ ✓ ✓ ✓ ✓			See agendas. Audit Manager consulted on the review reported to the Audit Committee 6/6/07. Audit Charter approved by Audit Committee September 2007. Also initial training prior to launch of the Audit Committee. Quarterly monitoring reports. Quarterly monitoring reports included reference to work deferred because of staff vacancy. Presented 31/5/07. For 2007/08 will be presented 28/5/08.
4.2.5	Is there the opportunity for the Head of Internal Audit to meet privately with the audit committee?	✓			Explained at initial training. Has not been requested in 2007/08.

Ref	Adherence to the Standard	Y	P	N	Evidence
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?	✓ ✓ ✓ ✓		✓	Audit Charter and Anti Fraud & Corruption Strategy defines roles & responsibilities of internal audit and management. Audit procedures define roles & responsibilities for internal auditors. Audit protocol agreed with external auditors (Audit Commission). Work with other internal auditors via the Cumbria Audit Group. All work to, and are bound by, the CIPFA Code of Practice for Internal Audit in Local Government. Employee / Members protocol in place. (d) Not applicable. No direct contact with other regulators / inspectors in 07/08.
5.2	Relationships with Management				
5.2.1	Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers?	✓			Consultation with managers in drawing up Strategic Audit Plan and prior to each individual audit. Evidence on Audit Plan file and individual system audit files.
5.2.2	Is the timing of audit work planned in conjunction with management?	✓			Circulate annual plan, with proposed timings of the main audits. Planning Memorandums sent to managers for individual audits include proposed timing. Evidence on Audit Plan file and individual system audit files.

Ref	Adherence to the Standard	Y	P	N	Evidence	
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?		✓		Informal arrangements via Cumbria Audit Group. e.g. with County Council, as the accountable body for some Copeland B.C. projects.	See 5.1.2 (b)
5.4	Relationships with External Auditors					
5.4.2	Is it possible for Internal Audit and External Audit to rely on each other's work?		✓		Annual Audit & Inspection Letter usually states whether external auditor can rely upon the work of internal audit. This has been the case to date. Internal Audit rely upon the external auditor's work on grant claims over £100k, final accounts, use of resources and inspections.	Opinion not given in the 2007 Letter. As at 15/4/08, this is still to be evaluated. Quality check by external auditor is outstanding.
5.4.3	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?		✓		Correspondence.	Ad hoc meetings, where needed, to discuss specific issues.
5.4.3	Are the internal and external audit plans co-ordinated?	✓			Aim to avoid duplication in the work of Internal Audit by reference to the external Auditor Audit & Inspection Plan. External audit plan is informed by a risk assessment of the control environment, to which the work of internal audit will contribute.	
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?		✓		Limited involvement in 2007/08 - supplied copies of internal audit reports where relevant e.g. for Housing Strategy Inspection.	Some involvement in previous years' inspections, e.g. by the Benefits Fraud Inspectorate, but have limited internal audit resources.

Ref	Adherence to the Standard	Y	P	N	Evidence	
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?	√			Audit Charter defines reporting requirements.	
5.6.1	Does the Head of Internal Audit maintain good working relationships with members?	√			Main contacts are through the Audit Committee but also deal with ad hoc queries from other Members.	
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?		√		As at March 2008- Manager – Qualified CIPFA accountant, 15 years internal audit experience, 3 years accountancy trainee experience. Senior Auditor – part qualified ACCA accountant, 7 years internal audit experience, 4 years private practice trainee accountancy experience. Audit Technical Officer – AAT trainee (2.5 years), 2.5 years internal audit experience Audit Technical Officer – AAT trainee (2.5 years), 2 years internal audit experience. All have attended internal audit courses and have the personal attributes to comply with the CIPFA standards.	Both the Manager and the Senior Auditor had also attended an advanced computer audit course. [Senior Auditor resigned 31/3/08] However, a specialised computer auditor is appointed to undertake detailed technical testing. [Last audit July 2006. Appointed to start next audit June 2008]

Ref	Adherence to the Standard	Y	P	N	Evidence	
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?	✓			Appointment of specialised computer auditor.	See 6.1.1 above
6.1.2	Is the Head of Internal Audit professionally qualified and experienced?	✓			As 6.1.1 above	
6.1.2	Does the Head of Internal Audit have wide experience of internal audit and management?	✓			14 years' experience of internal audit management [1 year - Internal Audit was managed by a Business Unit Manager].	
6.1.3	(a) Do all internal audit staff have up-to-date job descriptions? (b) Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for internal audit staff?	✓ ✓			Job profiles reviewed as part of the annual Employment Development Interviews.	
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? (b) Are individual auditors periodically assessed against these predetermined skills and competencies? (c) Are training or development needs identified and included in an appropriate ongoing development programme? (d) Is the development programme recorded, regularly reviewed and monitored.	✓ ✓ ✓ ✓			As part of the annual EDI's, Newly appointed Senior Auditor (Jan 07) had the full EDI. Remaining staff had a follow up of progress on their EDI action plan. [Evidence on Staff Development file held by Audit Manager]	
6.2.2	Do individual auditors maintain a record of their professional training and development activities?	✓			For Continuing Professional Development (CPD) schemes where appropriate. Otherwise, recorded as part of annual EDI.	

Ref	Adherence to the Standard	Y	P	N	Evidence
7	Audit Strategy and Planning				
7.1	Audit Strategy				
7.1.1	(a) Is there an internal audit strategy for delivering the service? (b) Is it kept up to date with the organisation and its changing priorities?	√ √			Audit Charter defines role and scope of internal audit and accountabilities. The Service Plan details resources and key objectives for the year. Risk-based strategy. Reviewed annually in revising the Strategic Audit Plan. Also a separate IT Audit Strategy.
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 skills required to deliver the strategy?	√ √ √ √ √			Audit Charter as 7.1.1 above. Covering report for Strategic Audit Plan identifies how the service will be provided under Audit Resources. IT Strategy details what will be covered internally and where bought-in specialised computer auditor is required.
7.1.3	Has the strategy been approved by the audit committee?	√			Audit Charter, Strategic Audit Plan and IT Audit Strategy all approved by the Audit Committee.
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?	√			Annual risk assessment reported to Audit Committee. Includes review of operational risk registers, service plans and quarterly performance reports to the Executive.
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?	√			As 7.2.1 above

Ref	Adherence to the Standard	Y	P	N	Evidence
7.2.1	Are stakeholders consulted on the audit plan?	✓			Corporate Team, Management Group, Audit Committee and external auditor are consulted on the draft audit plan.
7.2.2	Does the plan demonstrate a clear understanding of the organisation's functions?	✓			Management Group is requested to confirm whether there are any areas that need to be added or omitted.
7.2.3	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?	✓ ✓ ✓ ✓ ✓ ✓			Strategic Plan is broken down into a monthly, annual plan. This shows estimated days needed. The Strategic Plan shows the breakdown of systems and regularity work, etc. The accompanying risk assessment score sheet, shows the prioritisation.
7.2.4	If there is an imbalance between the resources available and resources needed to deliver the plan, is the audit committee informed of proposed solutions?	✓			Advised where skills can be bought in. Advised when work will have to be deferred due to vacancies.
7.2.4	Has the plan been approved by the audit committee?	✓			Approved at the 1 st meeting of the Committee cycle [May]
7.2.5	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	✓			As 7.2.4 above
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?	✓ ✓			Planning Memorandum and Test Schedule prepared for each audit. Forwarded to relevant manager for agreement / opportunity to request additional work if there are areas of concern.

Ref	Adherence to the Standard	Y	P	N	Evidence
8.1.1	Does the brief set out: (a) objectives? (b) scope? (c) timing? (d) resources? (e) reporting requirements?	✓ ✓ ✓ ✓ ✓			Copy of Planning Memorandum on each audit file.
8.2	Approach				
8.2.1	Is a risk-based audit approach used?	✓			Annual risk assessment exercise assesses risk associated with each system. Also use CIPFA Matrices guide to risks for individual system audits.
8.2.3	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	✓			The Planning Memorandum includes reference to the fact that management / relevant employees will be informed of interim findings where serious issues / or corrections to systems arise. Evidenced by File notes / e-mails on the individual audit file.
8.2.4	Does the audit approach include a quality review process for each audit?	✓			A review checklist on each file is completed by an auditor independent of the one who has carried out the audit. [Usually the Audit Manager].
8.3	Recording Audit Assignments				
8.3.1	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	✓			Standard documentation and working papers used.
8.3.1	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	✓			Review checklist includes a check that the standard file and report format has been used.

Ref	Adherence to the Standard	Y	P	N	Evidence
8.3.2	<p>Are working papers such that an experienced auditor can easily:</p> <p>(a) identify the work that has been performed?</p> <p>(b) re-perform it if necessary?</p> <p>(c) see how the work supports the conclusions reached?</p>	<p>✓</p> <p>✓</p> <p>✓</p>			<p>All tests have a test summary sheet, describing the test carried out, how the sample was obtained and detailing the results. This is cross-referenced to the supporting working papers.</p>
8.3.3	<p>Is there a defined policy for the retention of all audit documentation, both paper and electronic?</p>	<p>✓</p>			<p>Corporate retention guidelines.</p>
8.3.3	<p>Do all retention and access policies conform to appropriate legislation, ie Data Protection Act, Freedom of Information Act, etc and any organisational requirements?</p>	<p>✓</p>			<p>Corporate retention guidelines are based on national standards.</p>
8.3.3	<p>Is there an access policy for audit files and records?</p>	<p>✓</p>			<p>Freedom of Information policy. Key findings from audits and outstanding key recommendations are published in the quarterly monitoring reports for the Audit Committee and these are public documents. Need to know basis for audit files and working papers.</p>

Ref	Adherence to the Standard	Y	P	N	Evidence
9	Due Professional Care				
9.2	Responsibilities of the Individual Auditor				
9.2.1	<p>Are there documents that set out the requirements on all audit staff in terms of:</p> <p>(a) being fair and not allowing prejudice or bias to override objectivity?</p> <p>(b) declaring interests that could be perceived to be conflicting or could potentially lead to conflict?</p> <p>(c) receiving and giving gifts and hospitality from employees, clients, suppliers or third parties?</p> <p>(d) using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions?</p> <p>(e) being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest?</p> <p>(f) having sufficient knowledge to identify indicators that fraud or corruption may have been committed?</p> <p>(g) disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice?</p> <p>(h) disclosing any non-compliance with these standards?</p> <p>(i) not using information they gain in the course of their duties for personal use?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>			<p>CIPFA Audit Standards.</p> <p>Employee Code of Conduct.</p> <p>Anti Fraud & Corruption Strategy</p>
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?	✓			<p>Review of all audit work undertaken / all reports issued to reinforce standards.</p> <p>Annual Employee Development Interviews to identify any training needs. On-the-job supervision and training.</p>

Ref	Adherence to the Standard	Y	P	N	Evidence
9.3.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	✓			Quality Procedure AS03. Instructed to notify the Audit Manager. Also have a Confidential Reporting Code and Anti Fraud & Corruption Strategy.
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?	✓			Contained in the management summary of the report.
10.1.3	Has the Head of Internal Audit determined the way in which Internal Audit will report?	✓			Standard format report issued following each audit to the Chief Executive, relevant Director, Head of Service, Section Head, key auditees and the external auditor. Key findings reported to the Audit Committee on a quarterly basis. Annual report on Internal Control to the Audit Committee. Reporting requirements to the Audit Committee are set out in the Audit Charter.
10.1.4	Has the Head of Internal Audit set out the standards for internal audit reporting?	✓			Standard format report and procedure set out in Quality Procedures.
10.1.5	Are there laid-down timescales for reports to be issued?	✓			Estimated timescales included in the Planning Memorandum for each audit. Quality Procedures also specify process. However, timescales will depend upon testing and the availability of departmental employees to respond to audit queries.

26

Ref	Adherence to the Standard	Y	P	N	Evidence
10.2	Reporting on Audit Work				
10.1.4	Do the reporting standards include:	✓			Standard format for report.
10.1.4	(a) format of the reports?	✓			Quality assurance of report included in review checklist [filed on relevant audit file].
10.2.2	(b) quality assurance of reports?	✓			Process for agreeing reports included in audit procedures.
10.2.1	(c) the need to state the scope and purpose of the audit?	✓			An action plan is included with each report.
10.1.4	(d) the requirement to give an opinion?	✓			These actions are then transferred to the corporate performance management system, Covalent, for follow up.
10.2.1	(e) process for agreeing reports with the recipient?	✓			
10.2.1	(f) an action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales?	✓			
10.2.3	Does the audit reporting process include discussion and agreement of reports?	✓			If this is a routine annual audit, often simply agreed by e.mail.
10.2.4	Has the Head of Internal Audit determined a process for prioritising recommendations according to risk?	✓			P1 – S.151 issue P2 – Key control essential to achieving the system's objectives P3 – desirable but not essential P4 – for information only [may have already been actioned]
10.2.5	Are areas of disagreement recorded appropriately?	✓			Recorded in the "Action Agreed" column of the action plan. Also reported to the Audit Committee as part of the key findings appendix of the quarterly monitoring report.
10.2.5	Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention to senior management?	✓			As 10.2.5 above. Senior management receive a copy of the report.
10.2.6	Is the circulation of each audit report determined when preparing the audit brief?		✓		Standard circulation is known at the start of the audit – as 10.1.3 above Determined when the audit is complete, as test results may result in an action for an employee that has not been foreseen at the start of the audit.

Ref	Adherence to the Standard	Y	P	N	Evidence
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?	✓	✓		Included in the covering e-mail. Key contacts included in the Planning Memorandum. As 10.2.6 above
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? (b) risk registers are updated?	✓ ✓			Any "corporate" issues are circulated to management group or all employees, as appropriate. [Copy kept on the audit file]. The audit risk assessment is updated following the audit, as part of the annual risk assessment exercise. Audit reports include a specific recommendation that departmental risk registers should be updated, where appropriate. e.g. LAA Grant Admin 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?	✓			All audit recommendations are input on the corporate Covalent system. Quarterly follow up of all outstanding Priority 1 & 2 recommendations, informed by Managers. "Reality check" on implementation of recommendations relating to main financial systems as part of the annual audits of those systems. All priority 1 recommendations also checked by Audit.
10.3.2	Has the Head of Internal Audit established appropriate escalation procedures for internal audit recommendations not implemented by the agreed date?	✓			Reported to Corporate Team quarterly and to the Audit Committee.
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	✓			This would be taken into account in the following annual audit report and in the annual report on internal control.
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	✓			Used as part of the risk scoring for the annual risk assessment exercise, used to draw up the Strategic Audit Plan.

Ref	Adherence to the Standard	Y	P	N	Evidence
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? [In 2008/09, SIC replaced by Annual Governance Statement.]	✓			Annual report on Internal Control submitted to the Audit Committee (May).
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? (b) disclose any qualifications to that opinion, together with the reasons for the qualification? (c) present as summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies? (d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Statement on Internal Control [Annual Governance Statement] ? (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? (f) comment on compliance with the standards of the Code? (g) communicate the results of the internal audit quality assurance programme?	✓ ✓ ✓ ✓ ✓ ✓ ✓			As 10.4.1 above (e) Separate report to the Audit Committee (March 08 – Final Quarter Monitoring Report; May 08 – Strategic Audit Plan includes days planned 07/08 and actual 07/08) As 10.4.1 above – includes the results of the Annual Management Satisfaction Questionnaire.
10.4.3	Has the Head of Internal Audit made provision for interim reporting to the organisation during the year?	✓			Quarterly monitoring report to the Audit Committee.

Ref	Adherence to the Standard	Y	P	N	Evidence
11	Performance, Quality and Effectiveness				
11.1	Principles of Performance, Quality and Effectiveness				
11.1.1	Is there an audit manual?	✓			CIPFA Audit Manual plus local audit procedures. Also CIPFA Systems Based Auditing Guides for specific systems.
11.1.1	Does the audit manual provide guidance on: (a) carrying out day-to-day audit work? (b) complying with the Code?	✓ ✓			As 11.1.1 above
11.1.1	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	✓			Updated CIPFA guidance received automatically on subscription. Audit quality procedures updated in 2007.
11.1.2	Does the Head of Internal Audit have arrangements in place to assess the performance and effectiveness of: (a) each individual auditor? (b) the internal audit service as a whole?	✓ ✓			Quality review of each audit. Annual Management Satisfaction Questionnaire.
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?	✓			Audit Manager personally allocates assignments based on knowledge of skills/experience of the team. On the job supervision and quality review at the end of each audit.
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?	✓			All auditors work in the same office. Ongoing supervision and monitoring of progress. Progress formally checked in compiling monthly performance indicators.

Ref	Adherence to the Standard	Y	P	N	Evidence	
11.2.2	Does the supervisory process cover: (a) monitoring progress? (b) assessing quality of audit work? (c) coaching staff?	✓ ✓ ✓			As 11.2.2 above	
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?	✓			Monthly performance monitoring reported to the Head of Finance & Business Development. Quarterly performance monitoring to the Audit Committee. Quality assurance procedures in place but not formally accredited. Work to the CIPFA standards / guidance.	
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? (ii) which are included in service level agreements, where appropriate? (iii) against which the Head of Internal Audit 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?	✓ ✓ ✓ ✓ ✓	✓	✓	Local performance measures (PI's) were incorporated in the Service Plan, agreed by the Head of Finance & Business Development, the Executive (in 2006/07) and the Audit Committee. Monitored as at 11.3.1 above. Annual Management Satisfaction Questionnaire. Quarterly monitoring report to Audit Committee. Cumulative PI's show progress during the year and corrective action is taken. Previous quality review to demonstrate compliance with this code - March 2007. The action plan from March 2007 took into account any new requirements and was fully implemented in 2007/08. Annual review for compliance now required by Accounts & Audit Regulations.	(a) (ii) Decision was taken corporately to discontinue Service Level Agreements. (b) Satisfaction questionnaire following each audit was discontinued due to poor response level, even when reminders were issued. However, a complaints procedure is in place and there is an annual satisfaction survey.

Ref	Adherence to the Standard	Y	P	N	Evidence
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?	✓			Performance indicators and targets monitored with previous years, together with the response to the annual Management Satisfaction Questionnaire.
11.3.1	Do the results of the performance management and quality assurance programme evidence that the internal audit service is: <ul style="list-style-type: none"> (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? 	✓ ✓ ✓ ✓ ✓	✓		Lost time equivalent to 1 full time post for 5 months in 2007/08 [Senior Auditor seconded to Accountancy section]. However, fully compliant with the Code. Improvement compared to comparison with Code in March 2006. Assisted the organisation with ensuring key systems objectives are met; ensuring good financial control; giving assurance following the implementation of major financial systems in April 2007 [general ledger, creditors, debtors]; and advice to the project team bringing in alternative payment methods on the closure of the cash offices. Significant slippage on the audit plan due to staff vacancy in 2007/08. However, all testing on the main financial systems was completed by the end of the financial year. Final report on the Main Accounting System to be issued in April 08.
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?	✓			Annual report on Internal Control to the Audit Committee (May).
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?	✓			This checklist provides the evidence for consideration by Corporate Team and then the Audit Committee in May.