



Performance and Audit Scrutiny Committee 27 July 2011

Review of the Effectiveness of Internal Audit

SUMMARY

The Accounts and Audit (England) Regulations 2011 include the following requirements which are relevant to the preparation of the Annual Governance Statement (AGS).

Regulation 4 requires the findings of the review of the system of internal control to be considered by a committee of the relevant body, or by members of the body meeting as a whole.

Regulation 6 requires bodies to review the effectiveness of its 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 referred to in Regulation 4.

This report covers the need for the council to review annually the effectiveness of St Edmundsbury's internal audit (consisting of several aspects, the Internal Audit Service, the Audit Committee and other sources of Internal Audit Assurance) and contains references to evidence that will help the Committee arrive at an informed judgement in this respect.

PURPOSE OF THE REPORT

To advise Performance and Audit Scrutiny Committee of the process and outcomes, including areas for development, of the 2010/11 review of the effectiveness of the council's internal audit, as part of the review of the overall system of internal control required for the 2010/11 AGS.

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Performance and Audit Scrutiny Committee

27 July 2011

Review of the effectiveness of internal audit

1. Recommendations

1.1 That members:

- consider the findings of the annual review of the effectiveness of internal audit for 2010/11; and
- note this report's conclusion, that internal audit is operating effectively and can be relied upon when considering the Annual Governance Statement (AGS) for 2010/11.

2. Purpose of report

2.1 To advise Performance and Audit Scrutiny Committee of the process and the outcomes of the 2010/11 review of the effectiveness of the council's internal audit, as part of the review of the overall system of internal control required for the 2010/11 AGS.

3. Background

3.1 Legislative framework and guidance

3.1.1 The Accounts and Audit (England) Regulations 2011 came into force on 31 March 2011. Two of the Regulations in particular have an impact on the process for preparing the AGS.

3.1.2 Regulation 4 requires the relevant body to conduct a review at least once a year of the effectiveness of its system of internal control. The findings of the review must be considered in the case of a larger relevant body, by the members of the body meeting as a whole or by a committee. Following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control. The relevant body must ensure that the statement accompanies any statement of accounts it is obliged to prepare.

3.1.3 Regulation 6 requires that a body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. The relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit and for the findings of the review to be considered, as part of the consideration of the system of internal control referred to in Regulation 4.

3.1.4 The CIPFA Code defines Internal Audit as: -

'An assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources'.

3.2 Defining the effectiveness of internal audit

- 3.2.1 On the 22nd March 2011 the council was notified of the Department of Communities and Local Government proposed revisions to the Accounts and Audit Regulations coming into force 31st March 2011. Changes have been made to the wording to regulation 6 on internal audit, and have replaced the requirement for relevant bodies to 'maintain an adequate and effective internal audit' with a requirement to 'undertake such an audit'. The revised wording more accurately reflects the nature of internal audit.
- 3.2.2 Before considering the process of reviewing the effectiveness of internal audit it is therefore necessary for the body to define what 'effectiveness' means. In some cases it will consist solely of the internal audit team. This may be supplemented by outsourced provision of internal audit, e.g. IT audit, or the whole internal audit function may be outsourced. At St Edmundsbury Borough Council it consists solely of an in-house Internal Audit section, which offers a mixture of flexibility, local knowledge, experience and specialist skills. There are no outsourced or partnership arrangements in place to provide aspects of the section's work.
- 3.2.3 The section does however actively contribute to the following partnership working:

Partnership Working – Suffolk Working Audit Partnership

Internal Audit actively contributes to the Suffolk Working Audit Partnership (SWAP). This partnership allows local authorities in Suffolk to share resources, knowledge, and experience regarding internal audit issues in order to identify and promote the adoption of best practice, primarily through an extranet facility. The partnership identifies common training needs and initiates joint training where necessary. This is all achieved at minimal cost.

In addition, the Suffolk Chief Executives have identified Internal Audit as one of the services that could be delivered more efficiently across all councils through a shared approach. In order to take this forward a Suffolk Internal Audit Partnership Board has been established to lead the process. The Board members meet on a regular basis, and provide progress reports to the Suffolk Chief Finance Officers.

Partnership Working – Shared Services Forest Heath District Council

Internal Audit is supporting the shared services initiative wherever possible through a number of ways. In addition to his existing role, the St Edmundsbury Internal Audit Manager is also currently performing the role of Acting Internal Audit Manager at Forest Heath, from 31 January 2011, following the departure of the previous post holder. In addition, one audit team member provides support to the Finance workstream for shared services, while another member of the audit team is 'on call' as a Shared Services Architect to support when needed.

- 3.2.4 There is no prescriptive definition of what constitutes internal audit in every local authority and it is the responsibility of the body to identify and consider all possible sources. The key point is that internal audit may well include more elements than the main internal audit provider; all appropriate elements of internal audit should be considered and, where necessary, included in the review.
- 3.2.5 The effectiveness of internal audit should include the effectiveness of the audit committee itself (to the extent that its work relates to internal audit), as well as the performance of the internal audit provider.

3.3 Who should undertake the review?

- 3.3.1 The Accounts and Audit (Amendment) (England) Regulations 2006 require either the body itself or a committee of the body to review the effectiveness of internal audit. The DCLG guidance suggests that where there is no formal audit committee, or the audit committee function is performed by another committee having a wider remit (in St Edmundsbury's case the Performance and Audit Scrutiny Committee), it is suggested that the recipient of the report on the outcome of the review should be the same as for the AGS.
- 3.3.2 A key point is that 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 their annual audit. Our external auditors, the Audit Commission, review elements of Internal Audit's work to assess what reliance can be placed upon it for the purpose of the audit of the accounts. However, this review will not cover all elements of internal audit and, therefore, in the Audit Commission's view, cannot be relied upon to fulfil the requirements of the Regulations.
- 3.3.3 As there are no set rules as to who actually performs the review, it was considered appropriate that the Internal Audit Manager carry out a self assessment, which was reviewed and subject to challenge by a group of senior officers (Chief Finance Officer, Head of Legal and Democratic Services and Policy, Performance and Customer Service Manager) and Management Team. The results are presented at sections 4 and 5 of this report.

3.4 What should the review of internal audit cover?

- 3.4.1 The DCLG guidance in circular 03/2006 refers to 'proper practices' set out in the Accounts and Audit Regulations. Proper practices in relation to internal audit are covered by the Code of Practice for Internal Audit in the United Kingdom published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The latest Code of Practice published in December 2006 contains a useful checklist for assessing effectiveness.
- 3.4.2 The effectiveness of internal audit should not, however, be judged solely by the extent of compliance with the Code of Practice. The review is primarily about effectiveness, not process: in essence the need for the review is to ensure that the opinion in the annual report of the Internal Audit Manager can be relied upon as a key source of evidence in the AGS.
- 3.4.3 Nor does effectiveness include the value for money of the internal audit provider; whilst this is an important issue in itself, the focus of this review should be on the delivery of the internal audit service to the required standard in order to produce the required outcome, that is, a reliable assurance on internal control and the management of risks in the authority.
- 3.4.4 Other areas for review may include the extent to which Internal Audit adds value to the authority and how well it supports the delivery of the council's objectives.

3.5 Approach to the review and sources of evidence

- 3.5.1 A formal review of internal audit is undertaken to comply with the amended Accounts and Audit Regulations. Management oversee the function in accordance with the Code of Practice, Accounts and Audit Regulations and CIPFA guidance.
- 3.5.2 The Chief Finance Officer is required to ensure that internal audit, as part of the proper administration of financial affairs, is adequate and effective through various responsibilities both statutory and professional.
- 3.5.3 The Internal Audit Manager reports triannually to the Performance and Audit Scrutiny Committee on performance against the Audit Plan, and the outcomes of the audits

undertaken within the period. Likewise, the Audit Commission also reports on their activities and the reliance that they can place on Internal Audit. Therefore there are already a number of building blocks available to test the effectiveness of internal audit.

3.5.4 The approach taken was for the Internal Audit Manager and Senior Auditor to complete a form of self assessment by completing the CIPFA Code of Practice for Internal Audit checklist and a similar self assessment checklist applying to the Audit Committee. A small review group of senior officers was assembled to challenge and test the evidence submitted by the Internal Audit Manager.

3.5.5 **Appendix 1** (Index of Supporting Evidence for the Review of Internal Audit) shows the evidence made available to the senior officer review group but only items 2 and 3 within this Index (CIPFA Code of Practice checklist and Audit Committee checklist) are appended. The purpose of attaching the checklists is that they may identify areas where the Committee may wish to ask further questions of the Internal Audit Manager.

4. The findings of the review of the effectiveness of internal audit

4.1 Introduction

4.1.1 This section of the report sets out various areas of assurance which the Performance and Audit Scrutiny Committee can look to rely on when reviewing whether internal audit is effective. The Accounts and Audit Regulations 2003 and subsequent amendments have put greater emphasis on internal audit's role beyond looking at just financial controls. Internal Audit is therefore a key source of assurance to the Performance and Audit Scrutiny Committee when it considers the council's AGS (a requirement of the Regulations).

4.2 Code of Practice for Internal Audit in Local Government in the UK 2006

4.2.1 A self assessment review (**Appendix 2**) was conducted by the Internal Audit Manager and Senior Auditor benchmarking the discipline against best practice in the CIPFA Code of Practice.

The Code of Practice contains eleven standards as follows:

- Scope of Internal Audit
- Independence
- Ethics for Internal Auditors
- Audit Committees
- Relationships
- Staffing, Training and Continuing Professional Development
- Audit Strategy and Planning
- Undertaking Audit Work
- Due Professional Care
- Reporting
- Performance, Quality and Effectiveness

The review concluded that all eleven standards of the Code are being complied with. Any issues identified in previous years have been actively pursued and actioned where appropriate.

4.2.2 The AGS Senior Officer Review Group acted as a review panel to scrutinise and challenge, where appropriate the evidence submitted by the Internal Audit Manager to enable a judgement to be formed.

4.3 Audit Committee

- 4.3.1 When looking at the effectiveness of internal audit it incorporates more than just the Internal Audit section. The Performance and Audit Scrutiny Committee is a key element of this process and has adopted appropriate terms of reference.
- 4.3.2 Members of the Committee are able to call senior officers to account when considering individual audit reports.
- 4.3.3 Members also monitor the performance of Internal Audit by reviewing the Internal Audit Manager's tri-annual reports to Committee on performance against the Audit Plan and the outcomes of the audits carried out.
- 4.3.4 The Internal Audit Manager and Senior Auditor, with the assistance of the Scrutiny Manager, have reviewed the Performance and Audit Scrutiny Committee against the Audit Committee self assessment checklist (**Appendix 3**), which forms part of the Toolkit for Local Authority Audit Committees. The toolkit is intended to provide a detailed set of advice, give examples and suggest good practice to assist both officers and members who are involved in the establishment and operation of an audit committee, whilst the checklist is designed to help audit committees assess how well they have applied good practice.
- 4.3.5 The AGS Senior Officer Group has concluded that the establishment and operation of the Performance and Audit Scrutiny Committee essentially satisfies the key requirements of the toolkit.

4.4 External audit

- 4.4.1 The council's external auditors (the Audit Commission) review key financial systems audits undertaken by the Internal Audit section on an annual basis. This review enables the Audit Commission to determine the extent to which they can place reliance on the work of Internal Audit, and therefore reduce their own work in these areas.
- 4.4.2 The Audit Commission undertook a full review of Internal Audit against professional standards (CIPFA internal audit standards) during 2009/10 and found that Internal Audit was fully compliant with all eleven areas of the CIPFA code. We continue to monitor compliance against professional standards to ensure the service provided to the council remains effective and of a high quality, and seek continuous improvement in this respect.

4.5 Assurance and the Audit Manager's Opinion on the Systems of Internal Control

- 4.5.1 Internal Audit, along with other assurance processes of the council, have a statutory obligation under the Accounts and Audit Regulations 2003 to provide assurance from the work they undertake in respect of the internal control systems operating within the council.
- 4.5.2 The system of internal control should help the council to manage and control the risks which could affect the achievement of the council's objectives rather than eliminate them completely. Internal Audit and the other assurance processes can therefore only provide within the AGS reasonable and not absolute assurance of adequacy and effectiveness.
- 4.5.3 Based on the work undertaken during the financial year 2010/11, as well as assurances made available to the council by other assurance providers, Internal Audit can provide reasonable assurance that the systems of internal control of the council, within the areas reviewed, as well as the risk management systems, were operating adequately and effectively. Our work has, however, identified a number of areas where existing arrangements should be improved, as was reported to the Performance and Audit Scrutiny

Committee on 26 April 2011 (Report B570 Annual Internal Audit Report 2010/11 and Outline Audit Plan 2011/12 refers).

4.6 Customer feedback

4.6.1 The Internal Audit section is committed to providing an excellent service to its customers. As part of our commitment to ensure that we maintain high professional standards and ensure that we continually improve the quality and usefulness of our work, we issue a customer satisfaction questionnaire with every audit report. The questionnaire asks for the auditees' opinion on a range of issues, classifying responses as very good, good, fair or poor and also seeks their views on how our services can be improved and developed. Satisfaction remains at a high level with all responses falling within the 'very good' or 'good' categories, the majority being 'very good'.

4.7 Performance

4.7.1 Internal Audit performance against the Audit Plan is measured throughout the year, via local performance indicators. Two key performance targets have been established for the section:

- The percentage of the planned core financial and information systems audits completed during the year – these being the audits upon which the Audit Commission seek to place reliance for their work on the annual Statement of Accounts (target 100% - achieved 100%).
- Audit Commission opinion on Internal Audit work – that is, the extent to which external audit are able to place reliance on the work of Internal Audit. The Audit Commission confirmed as part of their 2009/10 Triennial Review of Internal Audit that Internal Audit is compliant with the CIPFA Code of Practice for Internal Audit 2006. This enables the Audit Commission to place reliance on Internal Audit's work wherever appropriate.

4.7.2 In addition, Internal Audit performance against the Audit Plan is also monitored through the October and January reports to the Performance and Audit Scrutiny Committee.

4.8 Audit Activities

4.8.1 In accordance with the CIPFA Code of Practice for Internal Audit 2006 an Audit Plan is prepared covering a period of one year. The Plan provides for the annual review of all the main financial systems (as required by the Audit Commission) together with corporate governance review and support, and the audit of a number of operational areas selected using a risk based methodology.

4.8.2 As in previous years, there has been a high demand for Internal Audit involvement in corporate work due to the section's skills and expertise. During 2010/11 this aspect of the section's work has included:

- drafting the Annual Governance Statement (AGS) as presented to this Committee on 27 July 2010. Production of the AGS is a significant piece of work and was well received by both officers and the Audit Commission;
- ongoing membership and contribution to the Strategic Risk Management Group and Performance Management Group;
- attendance at Management Team meetings to brief senior managers in relation to the outcomes of work undertaken by the section where corporate issues are covered;
- supporting the Shared Services Programme with the Principal Auditor taking on the role of a Shared Services Architect and the Senior Auditor supporting the work of the Finance Workstream; and the Internal Audit Manager assuming the role of Acting

Internal Audit Manager at Forest Heath DC in addition to his existing duties at St Edmundsbury BC from the end of January 2011;

- support of the WSLSP Legacy Funding bid review process, through the provision of advice and guidance and membership on the bid review panel;
- continuing to provide advice to service areas on internal controls;
- support provided to the Revenues and Benefits Service in relation to their external inspections.

4.8.3 Other work undertaken on behalf of the Chief Finance Officer within the period included:

- financial vetting in respect of supplier / service providers and key partners;
- acting as Independent Examiner for the 2009/10 West Stow Anglo Saxon Village Trust Accounts; and
- examination of the 2009/10 Receipts and Payments Accounts for two voluntary organisations.

4.8.4 In addition, Internal Audit continues to play an active role in promoting corporate anti-fraud, theft and corruption arrangements within the council. For 2010/11 these included:

- drafting the bi-annual fraud awareness newsletter to staff;
- drafting a number of fraud related messages within the council's internal bulletin reminding staff of their responsibilities;
- continuing to draft an annual reminder within the Members' Bulletin reminding Members of the need to report anything within the council they are concerned about; and
- circulating an anti fraud survey to staff in April 2010 to assess the level of fraud awareness within the council.

4.8.5 100% of planned core systems audits were completed for the financial year 2010/11, in addition, all non - core systems audits were also completed.

5. Assessment and conclusions

5.1 Overall the AGS Senior Officer Group concludes that based on the evidence presented and subsequent discussions internal audit is effective and the opinion of the Internal Audit Manager in his Annual Report can be relied upon as a key source of evidence in the AGS.

5.2 This assessment of the effectiveness of internal audit has found a continuing high level of compliance with the CIPFA Code, with the section meeting all aspects. This supports the Audit Commission's triennial review opinion of 2009/10 where they concluded that Internal Audit is compliant with all eleven areas of the Code of Practice, with no areas for improvement raised.

5.3 However, there will always be areas that could be further improved and Internal Audit will continue to ensure the service provided to the council remains effective and of a high quality, and seek continuous improvement.

6. Sources of further information

- Accounts and Audit (Amendment) (England) Regulations 2011
- Department of Communities and Local Government (DCLG) – Guidance on the Accounts and Audit Regulations
- CIPFA Finance Advisory Network – The Annual Governance Statement and the Review of the Effectiveness of Internal Audit
- CIPFA Code of Practice for Internal Audit in the United Kingdom 2006
- Internal Audit Annual Report 2010/11

INDEX – LIST OF SUPPORTING EVIDENCE

1. The CIPFA Finance Advisory Network Document – The Annual Governance Statement and the Review of the Effectiveness of the System of Internal Audit
2. CIPFA Code of Practice Checklist
3. CIPFA Audit Committee Toolkit Checklist
4. Performance and Audit Scrutiny Committee Meeting 26/04/10 A635 – Annual Internal Audit Report 2009/10, Outline Audit Plan 2010/11
5. Performance and Audit Scrutiny Committee Meeting 25/10/10 B267 – Mid Year 2010/11 Internal Audit Progress Report
6. Performance and Audit Scrutiny Committee Meeting 24/01/11 B439 – Third Quarter Progress Report
7. Performance and Audit Scrutiny Committee Meeting 27/09/10 B231 - Audit Commission Report – Annual Governance Report
8. Internal Audit Strategy
9. Internal Audit Charter
10. Employees Code of Conduct Index (gifts and hospitality and declarations of interest)
11. Protocol on Member / Officer Relations
12. Risk Based Audit Plan 2010/11
13. Audit Plan 2010/11 Monitoring Spreadsheet
14. Finance Service Plan 2010/11
15. Budget Monitoring Report – year end 2010/11
16. Financial Procedure Rules - Role of Internal Audit
17. Anti-Fraud and Anti-Corruption Strategy
18. Whistle blowing Guide
19. Job Description – Audit Manager
20. Job Description – Principal Auditor
21. Job Description – Senior Auditor
22. Job Description – Auditor
23. Performance Development Review (PDR) Guidance
24. Training Records 2010/11 (Audit Manager, Principal Auditor, Senior Auditor and Auditor)
25. Internal Audit Working Procedures Index
26. Briefing Note Template
27. Working Paper Template
28. Audit Report Template
29. Follow Up Audit Report Template
30. Audit Review Checklist Template – Auditor Self Review
31. Audit Review Checklist Template – Detailed Review
32. Audit Review Checklist Template – Final Review
33. Customer Satisfaction and Feedback Form Template
34. Internal Audit Team Meeting Agendas – 13/12/10 and 28/02/11
35. Suffolk Working Audit Partnership (SWAP) Terms of Reference

CIPFA CODE OF PRACTICE CHECKLIST – COMPLIANCE WITH THE CODE

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

Ref	Adherence to the Standard	Y	P	N	Evidence
1	Scope of Internal Audit				
1.1	Terms of Reference				
1.1.1	Do terms of reference:				
1	(a) establish the responsibilities and objectives of Internal Audit?	Y			(a) Contained within the Internal Audit Charter
	(b) establish the organisational independence of Internal Audit?	Y			(b) Contained within the Internal Audit Charter
	(c) Establish the accountability, reporting lines and relationships between the Head of Internal Audit and:	Y			(c) Contained within the Internal Audit Charter
	(i) those charges 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?	Y			(d) Contained within the Internal Audit Charter
	(e) identify Internal Audit's contribution to the review of the effectiveness of the control environment?	Y			(e) Contained within the Internal Audit Charter
	(f) require and enable the Head of Internal Audit to deliver an annual audit opinion?	Y			(f) Contained within the Internal Audit Charter
	(g) define the role of Internal Audit in any fraud-related or consultancy work (see also 1.3.2)?	Y			(g) Contained within the Internal Audit Charter
	(h) explain how Internal Audit's resource requirements will be assessed?	Y			(h) Contained within the Internal Audit Charter
	(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 consider necessary to fulfil its responsibilities?	Y			(i) Internal Audit Charter refers to rights of access to council records, assets, personnel and premises. In respect of partner organisations, such right of access will be the subject of a written agreement between the council and the partner.
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			Internal Audit Charter is regularly reviewed. Approval of significant amendments needed to the Charter is agreed by the Performance & Audit Scrutiny Committee (last time Charter was taken to Committee was October 2007, with Charter taking into account guidelines included within the CIPFA Code of Practice 2006).
1.1.3	Have the terms of reference been formally approved by the organisation?	Y			Overview & Scrutiny Committee have agreed the revised Internal Audit Charter (October 2007).
1.1.4	Are terms of reference regularly reviewed?	Y			The Audit Charter is regularly reviewed to ensure it is in accordance with current requirements and best practice.
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 Plan is risk-based and takes account of corporate risks, and also key performance indicators (KPIs). The Internal Audit Manager is a member of both the Strategic Risk Management Group and Performance Management Group and has on-line access to the Corporate Risk Register, while KPI

Ref	Adherence to the Standard	Y	P	N	Evidence
					information is readily available via Committee reports and the performance management system, Covalent. The audit plan is also informed by financial materiality of systems; control environment (including results of recent audits, other inspection agency reports e.g. external audit), stability, complexity and vulnerability of systems; sensitivity (impact of failure, customer sensitivity etc); and date of previous audit.
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 appropriate?	N/A			<p>Not yet a significant issue, but likely to be more so from 2011/12, for example, the council is entering into a partnership arrangement with Anglia Revenues Partnership (ARP) for the delivery of the Revenues and Benefits Service from April 2011.</p> <p>A Partnership Strategy has been developed to help ensure that the council's partnerships are formed, monitored and reviewed with the appropriate level of governance arrangements in place to achieve better outcomes. The Strategy also enables the council to consider the effectiveness of existing partnerships.</p> <p>This Strategy is written in two parts:- (1) the key principles for ensuring a successful partnership, the definition of a partnership, including significant partnerships and why we work in partnership; and (2) partnership governance arrangements, toolkits to assess whether a partnership should be entered into and the methods for reviewing existing partnerships.</p>
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			This clearly depends on the nature and frequency of consultancy or fraud and corruption work as no Internal Audit section can have limitless capacity. However it is considered that Internal Audit has approximately the right level of resources.
1.3.2	Do the terms of reference define Internal Audit's role in: (a) fraud and corruption? (b) consultancy work?	Y Y			Contained within the Audit Charter.
1.4	Fraud Corruption				
1.4.1	Has the Head of Internal Audit made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	Y			<p>The Anti-Fraud & Anti-Corruption Strategy requires suspected frauds to be reported to the Chief Finance Officer (Section 151 Officer), and therefore in effect the Internal Audit Manager.</p> <p>The Anti-Fraud and Anti-Corruption Strategy was revised in July 2009. The Strategy has been revised to meet current good practice as set out in the CIPFA Better Governance Forum guidance 'Managing the Risk of Fraud: actions to counter fraud and corruption'. The revised version has been published and promoted to staff, public and partners on both the council's website and the intranet.</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	Y Y			<p>(a) Internal Audit is independent of the activities it audits. (b) Internal Audit is generally free from non-audit operational duties, with one exception,</p>

Ref	Adherence to the Standard	Y	P	N	Evidence
	(operational) duties?				<p>the financial vetting of contractors.</p> <p>This does not compromise audit independence but rather utilises audit expertise. See Audit Plan</p>
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			<p>Where advice is given, including regarding significant changes to the internal control systems, Internal Audit reserve the right to review and make further recommendations at a later date, in accordance with the Code of Practice.</p> <p>The intention is that any future audit assurance work, in an area where an auditor has undertaken significant consultancy work will be assigned to a different auditor, although account needs to be taken of the fact that the team is small (Internal Audit Manager plus 3 staff).</p>
2.2	Organisational Independence				
2.2.1	Does the status of Internal Audit allow it to demonstrate independence?	Y			<p>Internal Audit has adequate status within the council – this has been demonstrated by the readiness to fully staff the section with appropriately skilled and qualified staff.</p> <p>In addition, our working procedures define the standards of ethics for internal auditors working for St Edmundsbury Borough Council. Working to these ensures that staff are compliant with the standards expected in the Code of Practice.</p> <p>We declare any potential conflicts of interest as they arise, to enable alternative auditors to be assigned to the audit where conflicts are identified. Auditors are not allowed to audit areas where they previously had operational roles for a suitable period (for current staff in Internal Audit this is n/a) to ensure they are not auditing their own role. In addition, audits are rotated between auditors to encourage innovation in approach and independence from previous advice or actions agreed.</p>
2.2.2	Does the Head of Internal Audit Have direct access to: (a) Officers? (b) Members?	Y Y			<p>(a) Annual report to Members on audit work undertaken for the year and approval of the Audit Plan for the coming year.</p> <p>(b) Access to officers is unrestricted – this is enshrined within the council's Constitution (Financial Procedure Rules paras. 2.18 – 2.20)</p>
2.2.3	Does the Head of Internal Audit report in his or her own name to Members and Officers?	Y			<p>Annual report to Members is in the name of the Internal Audit Manager. Audit reports issued to officers within the year are issued under the name of the relevant auditor undertaking the work, under the supervision and within the quality monitoring arrangements approved by the Internal Audit Manager.</p>

Ref	Adherence to the Standard	Y	P	N	Evidence
2.2.4	(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 the Statement on Internal Control.	Y Y Y Y			(a) An annual audit plan is devised which necessarily considers whether staff resources are available to undertake sufficient statutory audit work for the Section 151 Officer to fulfil her responsibilities and also to undertake necessary corporate and other work. In addition, staffing complements are compared to other Suffolk local authorities for benchmarking purposes. (b) Internal Audit has an adequate budget.
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?	Y			Line management responsibility is to the Chief Finance Officer (Section 151 Officer) who is a Head of Service. She also attends Corporate Management Team meetings.
2.4	Independence of Internal Audit Contractors				
2.4.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?	N/A			Not applicable – internal audit contractors are not generally used.
2.5	Declaration of Interest				
2.5.1	Do audit staff make formal declarations of interest?	Y			Internal Audit staff have each made a declaration of interest for audit purposes. They are also aware of the requirement to record any interests as per the Employees Code of Conduct.
2.5.2	Does the planning process take account of the declarations of interest registered by staff?	Y			As mentioned in 2.2.1 any potential conflicts of interest are taken into account when allocating work.
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			This is reinforced by the preparation of an audit briefing note and a discussion with the auditor at the commencement as to how the audit is to be undertaken, regular informal monitoring during the course of the audit, and reinforced further at the 6 monthly Performance Development Reviews. In addition, the working procedures include a section on 'ethics', these are the standards that internal auditors are expected to follow whilst working for the council.
3.2	Integrity				
3.2.1	Has the internal audit team established an environment of trust and confidence?	Y			Customer satisfaction questionnaires received back from auditees at the conclusion of audits have never questioned the integrity of the auditor(s) conducting the audit review. Again, this is incorporated into our working procedures.
3.2.2	Do Internal Auditors demonstrate integrity in all aspects of their work?	Y			As above.
3.3	Objectivity				
3.3.1	Are internal auditors perceived as being objective and free from conflicts of interest?	Y			Again – see 3.2.1 above. We declare any potential conflicts of interest as they arise, to enable alternative auditors to be

Ref	Adherence to the Standard	Y	P	N	Evidence
					assigned to the audit where conflicts are identified. Also Internal Audit have not been subject to any undue influences that could restrict or modify the scope or conduct of the work or significantly affect the content or judgements in any internal audit reports.
3.3.2	Is a time period set by the Head of Internal Audit for staff where they do not undertake an audit in an area where they have had previous operational roles?	Y			This has been incorporated into our working procedures. Auditors are not allowed to audit areas where they previously had operational roles for a suitable period to ensure they are not auditing their own role. However, it should be noted that this situation has not arisen and is not likely to arise. Were the situation to arise an appropriate time period would be set.
3.3.3	Are staff rotated on regular/annually audited areas?	Y			Staff are rotated wherever possible. The intention is to rotate team members wherever possible but account needs to be taken of the fact that the team is small (Internal Audit Manager plus 3 staff) in common with other Suffolk local authorities of a similar size.
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?	Y Y Y Y			(a) Staff are encouraged to attend all staff briefing sessions, read the Corporate Plan, have an awareness of the council's risk management process including the corporate risk register and the service planning process. Also regular team meetings are held which feedback involvement in corporate work such as the Shared Services Agenda with Forest Heath District Council (FHDC) and the Annual Governance Statement. (b) – (d) A briefing note is prepared before the start of each audit detailing reason for the audit, background documents to be consulted, risks related to the audit area, scope, coverage and objectives of the audit review, audit approach, outcomes / outputs expected from the review, and timescales / resource inputs.
3.5	Confidentiality				
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?	Y			The need for confidentiality is regularly reinforced within the audit team, not just for irregularity investigations but also for statutory and other audit work. Again, this is incorporated into our Code of Ethics within the working procedures.
4	Audit Committees				
4.1	Purpose of the Audit Committee				
4.1.1	Does the organisation have an independent Audit Committee?	Y			Committee structure includes a Performance and Audit Scrutiny Committee which serves the function of an audit committee.
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			The Internal Audit Manager has a good working relationship with the Performance and Audit Scrutiny Committee, which continues to be built upon. For example, the Internal Audit Manager meets with both the Chair and Vice Chair of the Committee to provide them with an oversight of the audit planning process, in addition to discussing potential areas of audit work for the 2011/12 Audit Plan prior to the Plan's

Ref	Adherence to the Standard	Y	P	N	Evidence
					presentation to Committee for formal approval.
4.2.2	Does the Committee approve the internal audit strategy and monitor progress?	Y			The Audit Strategy was approved by Performance & Audit Scrutiny Committee April 2008.
4.2.3	Does the Committee approve the annual internal audit plan and monitor progress?	Y			The Committee approves the annual Audit Plan and receives progress reports detailing performance over the financial year (mid year, third quarter and end of year report).
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?	Y			(a) The Internal Audit Manager attends the Performance & Audit Scrutiny Committee, presenting audit reports for their consideration and approval (e.g. Audit Plan, Annual Report etc). (b) The Internal Audit Manager drafts responses in respect of the Audit Committee Toolkit checklist for consideration by the Performance & Audit Scrutiny Committee. (c) This is covered by the Annual Internal Audit report and Internal Audit Charter presented to Committee. (d) This is covered by the Annual Internal Audit Report to Committee. (e) The Committee has the opportunity to ask questions and comment on the annual Audit Plan and progress reports and also to consider whether there are any areas within the audit plan where the Committee may want specific feedback on. (f) Annual Internal Audit Report is presented to Committee.
4.2.5	Is there the opportunity for the Head of Internal Audit to meet privately with the Audit Committee?	Y			The Internal Audit Manager attends Chair's briefing before Committee – the Internal Audit Manager could speak privately with the Chair if necessary or alternatively arrangements could be made to meet privately with the (Performance and Audit Scrutiny) Committee.
5	Relationships				
5.1	Principles of Good Relationships				
5.1.1	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 N/A Y N/A			(a) Internal Audit Charter (b) Currently not applicable but will become applicable in the future, in view of the shared services agenda with FHDC where both councils have formally agreed to work together as preferred partners. An information sharing protocol has recently been approved, which sets out the minimum rules for sharing information. (c) Discussed with the Audit Commission, current situation is adequate. (d) Contact with other regulators and inspectors is extremely limited so a separate protocol is not felt to be relevant. (e) This is currently covered in general terms by the Protocol on Member / Officer Relations contained within the council's Constitution and in the Audit Charter.
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			
5.2.2	Is the timing of audit work planned in conjunction with management?	Y			Audit Briefs are sent out to the Head of Service / Section Heads of the area under review. The

Ref	Adherence to the Standard	Y	P	N	Evidence
					<p>brief establishes the objectives, scope and timing for the assignment and its resource and reporting requirements and is discussed and agreed by them prior to commencement of the audit.</p> <p>We try to avoid particularly busy periods for the auditee where ever possible.</p>
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?	Y			<p><u>Partnership Working – Suffolk Working Audit Partnership</u></p> <p>Internal Audit actively contributes to the Suffolk Working Audit Partnership (SWAP). This partnership allows local authorities in Suffolk to share resources, knowledge, and experience regarding internal audit issues in order to identify and promote the adoption of best practice, primarily through an extranet facility. The partnership identifies common training needs and initiates joint training where necessary. This is all achieved at minimal cost.</p> <p>In addition, the Suffolk Chief Executives have identified Internal Audit as one of the services that could be delivered more efficiently across all councils through a shared approach. In order to take this forward a Suffolk Internal Audit Partnership Board has been established to lead the process. The Board members meet on a regular basis, and provide progress reports to the Suffolk Chief Finance Officers.</p> <p><u>Partnership Working – Shared Services Forest Heath District Council</u></p> <p>Internal Audit is supporting the shared services initiative wherever possible through a number of ways. In addition to his existing role, the St Edmundsbury Internal Audit Manager is also currently performing the role of Acting Internal Audit Manager at Forest Heath, from 31 January 2011, following the departure of the previous post holder.</p> <p>In addition, one audit team member provides support to the Finance workstream for shared services, while another member of the audit team is 'on call' as a Shared Services Architect to support when needed.</p> <p>In addition, the internal auditors have access to documents and information as part of the shared services agenda – information sharing protocol.</p>
5.4	Relationships with External Auditors				
5.4.1	Is it possible for Internal Audit and External Audit to rely on each other's work?	Y			As evidenced in the Annual Audit & Inspection Letter. This is achieved as far as can reasonably be expected bearing in mind the different roles and focus that each has.
5.4.2	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?	Y			Currently quarterly meetings are scheduled between the Internal Audit Manager and the relevant Audit Commission Manager. Liaison also generally takes place on various issues between these meetings (i.e. meetings on

Ref	Adherence to the Standard	Y	P	N	Evidence
					specific issues, telephone calls and e-mails).
5.4.3	Are the internal and external audit plans coordinated?	Y			Audit Commission receive and have an opportunity to comment on Internal Audit's annual Audit Plan in advance of it being approved by Committee. Also, Internal Audit have sight of the Audit Commission's Audit and Inspection Plan. Work plans will be discussed at the quarterly liaison meetings between Internal Audit and the Audit Commission.
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?	Y			Ongoing dialogue held with the Audit Commission in respect of benefits work.
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?				Channels of communication between members and officers are covered in the Protocol for Member / Officer Relations contained within the Constitution, plus the Audit Charter.
5.6.2	Does the Head of Internal Audit maintain good working relationships with Members?	Y			The Internal Audit Manager has a good working relationship with the Performance & Audit Scrutiny Committee, which continues to be built upon. The audit team have been introduced to, and regularly attend, Committee.
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			<p>Internal Audit is currently fully staffed with a complement of 4. This is in keeping with local authorities of a similar size.</p> <p>The Internal Audit Manager is a professionally qualified accountant (Chartered Public Finance Accountant), has over 23 years audit experience covering private practice, another local authority, and the National Audit Office, as well as the current position held.</p> <p>During 2010/11 the Internal Audit Manager studied for the Certificate in International Public Sector Financial Reporting. This is an e-learning programme designed to ensure those working in the public sector are prepared for the impact of international reporting frameworks and are able to embed the changes adoption brings successfully.</p> <p>The Principal Auditor is a qualified accounting technician (Association of Accounting Technicians), and has approximately 11 years audit experience, mainly at Suffolk County Council where she held the position of Senior Audit Services Manager.</p> <p>The Senior Auditor is a qualified accounting technician (Association of Accounting Technicians) and is currently studying for the Institute of Internal Auditors Diploma in Internal Audit Practice, and has approximately 12 years audit experience at county and district level where she held the position of Audit Leader at Suffolk County Council and Business Support Officer with the Lead for Audit at Mid Suffolk District Council.</p> <p>Finally, the Auditor is a qualified accounting</p>

Ref	Adherence to the Standard	Y	P	N	Evidence
					technician (Association of Accounting Technicians) and has 4 years audit experience, all within St Edmundsbury Borough Council.
6.1.2	Does the Head of Internal Audit have access to appropriate resources where the necessary skills and expertise are not available within the internal audit team?	Y			Skills and expertise are regularly updated to keep up to date with new developments within audit methodologies and local government. This is achieved through attendance at training courses, reading relevant accounting and audit publications, use of on-line discussion forums, and sharing best practice through our existing SWAP arrangements by information exchange on the SWAP extranet website and running workshops on audit areas. If it is felt that additional specialist expertise is needed in say IT audit or fraud and corruption work we have access to a number of specialists within SWAPs. Use of agency staff and buy in from others if lack of staff resources, and the budget permits.
6.1.3	Is the Head of Internal Audit professionally qualified and experienced?	Y			See 6.1.1 above
6.1.4	Does the Head of Internal Audit have wide experience of internal audit and management?	Y			See 6.1.1 above. The Internal Audit Manager has wide experience of both internal and external audit – within the private sector, central government and local government, and is accustomed to dealing with senior officials within all of these sectors.
6.1.5	(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?	Y			Job descriptions are reviewed and updated as necessary before each appointment is made.
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?	Y Y			(a) Job descriptions and selection criteria were approved for each post detailing skills and competencies required. (b) Internal Audit actively participates within the council's Performance Development Review (PDR) process.
	(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?	Y			(c) Training and development needs are identified as part of the PDR process. (d) Development programme is recorded and monitored regularly as part of the PDR process.
6.2.2	Do individual auditors maintain a record of their professional training and development activities?	Y			A full training record is maintained for each member of the section. Also staff in internal audit are members of accountancy bodies (i.e. CIPFA, AAT and IIA) and therefore maintain Continuing Professional Development (CPD) records of training and development activities undertaken.
7	Audit Strategy and Planning				
7.1	Audit Strategy				
7.1.1	(a) Is there an internal audit strategy for delivering the services? (b) Is it kept up to date with the organisation and its changing priorities?	Y			(a) An Audit Strategy exists, drafted and approved by Performance & Audit Scrutiny Committee April 2008. (b) The Strategy is reviewed by the Internal Audit Manager each year. Any significant changes would be subject to Committee

Ref	Adherence to the Standard	Y	P	N	Evidence
					approval.
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, i.e. internally, externally, or a mix of the two? (e) the resources and skills required to deliver the strategy?	Y Y Y Y Y			(a) Internal Audit Strategy - section: objectives and outcomes (b) Internal Audit Strategy – section: introduction (c) Internal Audit Strategy – section: how Internal Audit's work will identify and address local and national issues and risks (d) Internal Audit Strategy – section: provision and resourcing of the section (e) Internal Audit Strategy – sections: provision and resourcing of the section, plus skills
7.1.3	Has the strategy been approved by the Audit Committee?	Y			The Internal Audit Strategy was approved by the Performance & Audit Scrutiny Committee April 2008.
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			The Audit Plan is risk-based and takes account of corporate risks, and also KPIs. The Internal Audit Manager is a member of both the Strategic Risk Management Group and Performance Management Group and has on-line access to the Corporate Risk Register, while KPI information is readily available via Committee reports and the performance management system, Covalent. The Audit Plan is also informed by financial materiality of systems; previous assessments of the soundness of internal controls; stability, complexity and vulnerability of systems; sensitivity (impact of failure, customer sensitivity etc); and date of previous audit.
7.2.2	Where the risk management process is not fully developed or reliable, does the Head of Internal Audit undertake his or her own risk assessment process?	Y			The Internal Audit Manager performs a risk assessment of each audit area – this takes into account the factors referred to above.
7.2.3	Are stakeholders consulted on the audit plan?	Y			The Audit Commission, Performance and Audit Scrutiny Committee Chair and Vice Chair, Chief Finance Officer (as the council's Section 151 Officer), and Management Team are consulted on the Audit Plan which is approved by Committee.
7.2.4	Does the plan demonstrate a clear understanding of the organisation's functions?	Y			Key financial systems and other key risks where audit input is likely to add value are covered.
7.2.5	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			(a) The Audit Plan approved at the April 2010 Overview & Scrutiny Committee covers the financial year 2010/11 only. (b) The Audit Plan details the audits and other work to be carried out. (c) The priority is completion of the statutory financial systems audits – this is stated on the audit plan. (d) The Audit Plan details the resources required to undertake the planned work. (e) Appendix C within the annual internal audit report makes this distinction. (f) The Audit Plan necessarily includes a degree of flexibility in that an estimate is included for unplanned work (e.g. irregularity investigations). As in previous years, because of the section's

Ref	Adherence to the Standard	Y	P	N	Evidence
					<p>skills and experience there continues to be a high demand for audit involvement in corporate projects and initiatives (leading role in the production of the Annual Governance Statement, membership of corporate working groups (Strategic Risk Management Group and Performance Management Group), Shared Services Agenda and providing advice and assistance regarding preparation or update of policies etc).</p> <p>It should also be noted that there are increasing demands on the section for reactive work (e.g. financial vetting of contractors, other financial advice etc) – it is clearly difficult to plan resource requirements for this work.</p>
7.2.6	If there is an imbalance between the resources available and resources needed to deliver the plan, is the Audit Committee informed of proposed solutions?	Y			This situation has not arisen – if it were to arise the Performance & Audit Scrutiny Committee would be informed of proposed solutions.
7.2.7	Has the plan been approved by the audit committee?	Y			The current Audit Plan was approved at the April 2011 Performance & Audit Scrutiny Committee meeting, while the 2010/11 Audit Plan was approved at the April 2010 meeting.
7.2.8	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the Audit Committee?	Y			<p>Should the need arise these would be brought to the attention of the Committee.</p> <p>In addition, the Chief Finance Officer would be advised accordingly.</p>
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			(a) An audit briefing note is prepared for all audit work which is likely to take more than a day. (b) Audit briefing notes are agreed before commencement of the audit with relevant managers.
8.1.2	Does the brief set out: (a) objectives? (b) scope? (c) timing? (d) resources? (e) reporting requirements?	Y Y Y Y Y			Audit briefing note incorporates all of these areas.
8.2	Approach				
8.2.1	Is a risk-based audit approach used?	Y			Audit approach is constantly under review and is evolving but is currently, and will remain for the foreseeable future, a risk-based approach.
8.2.2	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	Y			Where key issues arise these will be brought to the attention of the relevant manager during the course of the audit, rather than waiting until the closure stage of the audit.
8.2.3	Does the audit approach include a quality review process for each audit?	Y			See 11.2.3 Post Audit Review Checklists
8.3	Recording Audit Assignments				
8.3.1	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	Y			Working procedure notes cover audit documentation and working papers. As above the audit approach is always evolving and subject to continual improvement which may require updating of working procedures.
8.3.2	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	Y			A quality review process is in operation. As above the audit approach is always evolving and subject to continual improvement.

Ref	Adherence to the Standard	Y	P	N	Evidence
8.3.3	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 Y Y			The quality review process aims to ensure that these requirements are always achieved.
8.3.4	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	Y			There is a working procedure for this.
8.3.5	Do all retention and access policies conform to appropriate legislation, i.e. Data Protection Act, Freedom of Information Act, etc. and any organisational requirements?	Y			See above.
8.3.6	Is there an access policy for audit files and records?	Y			
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? (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?	Y Y Y Y Y Y Y Y Y			Our working procedures define the standards of ethics for internal auditors working for St Edmundsbury Borough Council. Working to these ensures that staff are compliant with the standards expected in the Code of Practice. In addition, a number of these are also covered as part of the Employees Code of Conduct (i.e. gifts and hospitality, declarations of interest and disclosure of information). This document defines the standards of personal behaviour officers of the council must follow and ensures that employees are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. These are all covered within the CIPFA Internal Audit Manual.
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			This is achieved through review of work undertaken, performance development review process, regular workload and team meetings, feedback from customers via customer satisfaction questionnaires, etc.
9.3.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	Y			Individual auditors can disclose suspicions directly to the Internal Audit Manager or via the routes shown within the council's Whistleblowing Guide.
10	Reporting				
10.	Principles of Reporting				

Ref	Adherence to the Standard	Y	P	N	Evidence
1					
10.1.1	Is an opinion on the control environment and risk exposure given in each audit report?	Y			In line with the Chartered Institute of Public Finance & Accountancy (CIPFA) good practice guidance, opinions are provided on the design and operation of control mechanisms for the areas reviewed. In addition, within the audit report each action has a priority assessment of high, medium or low (low risk areas are mostly classed as 'verbal' points and will have been raised at the time of draft report discussion). This is provided to assist in the planning of implementation of recommendations.
10.1.2	Has the Head of Internal Audit determined the way in which Internal Audit will report?	Y			There is a working procedure on audit reporting.
10.1.3	Has the Head of Internal Audit set out the standards for internal audit reporting?	Y			There is a working procedure on audit reporting.
10.1.4	Are there laid-down timescales for reports to be issued?	Y			There is a working procedure for this.
10.2	Reporting on Audit Work				
10.2.1	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 appropriate, of agreements reached with management together with appropriate timescales?	Y Y			(a) There is a standard audit report template. (b) Audit reports are reviewed as part of the quality review process. (c) Scope and purpose of the audit are included within the audit report template. (d) An opinion is included within the standard format of audit report. (e) There is a working procedure for agreeing reports with the recipient. (f) An agreed action plan is included within the final report, detailing the action owner as well as including target dates for implementing actions.
10.2.2	Does the audit reporting process include discussion and agreement of reports?	Y			Draft audit reports are discussed and agreed with management before being finalised and formally issued.
10.2.3	Has the Head of Internal Audit determined a process for prioritising recommendations according to risk?	Y			Risks of not implementing agreed actions are explicitly stated within the audit report and allocated a risk rating of high, medium, or low.
10.2.4	Are areas of disagreement recorded appropriately?	Y			Where relevant this would happen, however the approach taken is to try wherever possible to reach agreement. The audit report provides a column that allows management the opportunity to comment on the findings / actions. However, it remains the duty of management, not Internal Audit, to manage risk and systems of internal control. It is for management to determine whether or not to accept audit recommendations, and to recognise and accept the risk of not taking action.
10.2.5	Are those weaknesses giving rise to significant risk that are not agreed drawn to the attention to senior management?	Y			See above – where relevant this would happen.

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?	Y Y			(a) Circulation of reports is considered before commencement of an audit. (b) This is included within the audit briefing note.
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?	Y Y			(a) Distribution of audit reports can be widened where necessary. Also, audit reviews of a corporate nature are considered by the council's Management Team. (b) The Internal Audit Manager is a member of the Strategic Risk Management Group, any significant risks identified would be fed through to the group and the risk register where appropriate.
10.3	Follow-up Audits and Reporting				
10.3.1	Has the Head of Internal Audit defined the need for and the forum of any follow-up action?	Y			There is a working procedure for following up progress on agreed actions arising from audits undertaken.
10.3.2	Has the Head of Internal Audit established appropriate escalation procedures for internal audit recommendations not implemented by the agreed date?	Y			The Internal Audit Manager will take into account whether there is good reason for agreed actions not being implemented by an agreed date and the extent to which reasonable progress has been made. Where the Internal Audit Manager is not satisfied this would be raised with the Chief Finance Officer (as the council's Section 151 Officer).
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	Y			An opinion will be given where appropriate.
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	Y			This is a factor used in the scoring of audit areas to determine the annual, risk-based audit plan.
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 Annual Governance Statement?	Y			Annual Internal Audit Report for 2010/11 presented to the Performance and Audit Scrutiny Committee in April 2011, in support of the 2010/11 Annual Governance Statement presented to Committee in July 2011.

Ref	Adherence to the Standard	Y	P	N	Evidence
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 a 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 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?	Y Y Y N/A Y Y Y			(a) An opinion is given on the council's control environment. (b) Qualifications and reasons would be given to the opinion if relevant. (c) A summary is provided. (d) No issues needed to be drawn particular attention to. (e) This information is included within the annual report. (f) The Code is referred to in various sections of the report – notably sections 2 and 6. (g) Results of customer satisfaction questionnaires, key performance targets etc are contained within the annual audit report – section 5.
10.4.3	Has the Head of Internal Audit made provision for interim reporting to the organisation during the year?	Y			Reporting to the Performance & Audit Scrutiny Committee is as follows: mid year (October), third quarter (January) plus end of year review (April).
11	Performance, Quality and Effectiveness				
11.1	Principles of Performance, Quality and Effectiveness				
11.1.1	Is there an audit manual?	Y			The CIPFA Internal Audit Manual is used – this is available to all audit staff on their computers. This is supplemented by documented working procedure notes.
11.1.2	Does the audit manual provide guidance on: (a) carrying out day-to-day audit work? (b) complying with the Code?	Y Y			(a) Working procedure notes provide guidance on carrying out day to day audit work. (b) CIPFA Internal Audit Manual is based on the Code of Practice
11.1.3	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	Y			Working procedures are reviewed on an ongoing basis, to ensure effectiveness and efficiency of the section's work. Internal Audit is committed to ongoing improvement and therefore working practices are likely to change further over time.
11.1.4	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			(a) & (b) Customer satisfaction questionnaires are sent to key auditees / managers responsible for the service audited at the conclusion of each audit. Any comments provided by the auditee suggesting how the audit service could be improved, or any scores given which are less than "good", are followed up by the Internal Audit Manager. In addition performance against key performance indicators are reported to Committee each year via the annual report.
11.2	Quality Assurance of Audit Work				

Ref	Adherence to the Standard	Y	P	N	Evidence
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			Internal Audit is a small section and the Internal Audit Manager has a good knowledge of the skills, experience and competence of each member of the section.
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			Regular team meetings are held to monitor progress and issues arising on audits and other work undertaken. In addition, regular informal discussions are held as the team sit together / use of e-mail and phone when home working so supervision is ongoing.
11.2.3	Does the supervisory process cover: (a) monitoring progress? (b) assessing quality of audit work? (c) coaching staff?	Y Y Y			(a) See 11.2.1 above (b) The Internal Audit Manager, Principal Auditor, or Senior Auditor perform reviews of the work undertaken and give detailed feedback to the lead auditor regarding the quality of the work undertaken. (c) The feedback referred to above also provides suggestions as to how work can be improved.
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			See 11.3.2 below From 2009/10 the council subscribed to a number of CIPFA benchmarking clubs, one of these being Internal Audit.
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?	Y Y Y Y Y Y			(a) Internal Audit currently has two key performance targets – these being percentage completion of planned core system audits and degree of reliance placed by External Audit on the work of Internal Audit. Performance against these targets is reported upon in the annual internal audit report. (b) Feedback is requested via a customer satisfaction questionnaire at the conclusion of each audit. This questionnaire seeks both feedback on the audit itself but also more broadly on how the service could be improved. (c) The service is reviewed via the Audit Strategy, Service Plan and the Annual Internal Audit Report, plus completion of this checklist. (d) Annual review of the effectiveness of the system of internal audit undertaken. This ensures compliance with the CIPFA Code of Practice continues, plus identifies any areas for further improvement. (e) An action plan to implement improvements is produced as a consequence of completion of this checklist.
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?	Y			Performance over the preceding year is included within the annual report to Committee.

Ref	Adherence to the Standard	Y	P	N	Evidence
11.3 .4	Do the results of the performance management and quality assurance programme evidence that the internal audit service is: (a) meetings 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 Y Y Y Y			
11.3 .5	Does the Head of Internal Audit report on the results of the performance management and quality assurance programme in the annual audit report?	Y			This is included within the annual audit report presented to the Performance and Audit Scrutiny Committee.
11.3 .6	Does the Head of Internal Audit provide evidence from his or her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?	Y			Evidence provided to the Annual Governance Statement Senior Officer Group as part of the completion of this checklist.

Initially Completed: June 2007 by Jon Snares (Internal Audit Manager)

Reviewed: May 2008 Jon Snares (Internal Audit Manager) and Pia Bertie-Snell (Senior Auditor)

(Note: The Financial Reporting Council document 'The Audit Quality Framework' has been considered as part of the self assessment, to ensure that key drivers of audit quality in the private sector are also reflected within this review).

Revised: April 2009, April 2010 and April 2011 by Jon Snares (Internal Audit Manager) and Pia Bertie-Snell (Senior Auditor)

Audit Committee self-assessment checklist

ESTABLISHMENT, OPERATION AND DUTIES				
Role and remit				
Issue	Yes	No	N/a	Comments/action
1.Does the audit committee have written terms of reference?	Y			
2.Do the terms of reference cover the core functions of an audit committee as identified in the CIPFA guidance?	Y			
3.Are the terms of reference approved by the council and reviewed periodically?	Y			Should a need be identified, the Chairman of the Committee would take a report through Democratic Renewal Working Party and arrange for the necessary changes to the Constitution.
4.Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Y			
5.Can the audit committee access other committees and full council as necessary?	Y			The Committee is unable under its Terms of Reference to carry out reviews, but is able to recommend that the Overview and Scrutiny Committee or Cabinet do so, where it identifies issues.
6.Does the authority's annual governance statement include a description of the audit committee's establishment and activities?	Y			
7.Does the audit committee periodically assess its own effectiveness?	Y			

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8.Does the audit committee make a formal annual report on its work and performance during the year to full council?	Y			
Membership, induction and training				
9.Has the membership of the audit committee been formally agreed and a quorum set?	Y			
10.Is the chair independent of the executive function?	Y			
11.Has the audit committee chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?			Partial	<p>'Bite size' training sessions are given on an occasional basis as the need arises.</p> <p>Also, the Chair of the Committee worked in the financial sector, until his retirement in 2009. Whilst the Vice Chair was in the accounting profession prior to his retirement.</p> <p>The Chair and Vice Chair of Performance and Audit Scrutiny Committee attended an introduction to treasury management training course last year provided by Sector Treasury Services. They also attended a course put on in-house provided by LG Futures called Treasury Management Explained (which was attended by councillors from other authorities also), and they received some training from the Deputy Chief Finance Officer on more specific treasury management issues relating to SEBC.</p> <p>Additionally, the Chairman and Vice Chairmen attended Centre for Public Scrutiny Parliamentary Select Committee seminars.</p>
12.Are new audit committee members provided with an appropriate induction?	Y			<p>Following the Borough Council elections in May 2011 the Committee has seen some changes in its Membership. An Audit and Treasury Management training session has therefore been planned to take place before the Committee's first scheduled meeting of the civic year, which will cover the basic requirements of an effective Audit Committee, Members' responsibilities and the nature and scope of internal and external audit.</p>

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13. Have all members' skills and experiences been assessed and training given for identified gaps?	Y			All councillors are given the opportunity to assess their level of expertise under a number of skills via an annual Training Needs Analysis. The Member Development Programme is set following analysis of these forms, and there is a budget for member training.
14. Has each member declared his or her business interests?	Y			
15. Are members sufficiently independent of the other key committees of the council?	Y			
Meetings				
16. Does the audit committee meet regularly?	Y			
17. Do the terms of reference set out the frequency of meetings?	Y			
18. Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	Y			
19. Are members attending meetings on a regular basis and if not, is appropriate action taken?	Y			
20. Are meetings free and open without political influences being displayed?	Y			
21. Does the authority's S151 officer or deputy attend all meetings?	Y			
22. Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	Y			

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INTERNAL CONTROL				
23. Does the audit committee consider the findings of the annual review of the effectiveness of the system of internal control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of the system of internal audit?	Y			
24. Does the audit committee have responsibility for review and approval of the AGS and does it consider it separately from the accounts?	Y			As a result of discussions with the Audit Commission it has been agreed that from 2011/12, the AGS will be considered at the July meeting of the Performance and Audit Scrutiny Committee. The Statement of Accounts will be presented to Performance & Audit Scrutiny Committee at the September meeting.
25. Does the audit committee consider how meaningful the AGS is?	Y			
26. Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	Y			
27. Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?			N/A	Risk Management is an agenda item of the Performance & Audit Scrutiny Committee
28. Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"	Y			The council's anti-fraud and anti-corruption strategy was revised in July 2009 (approved Full Council September 2009). The strategy was revised to meet current good practice as set out in the CIPFA Better Governance Forum guidance 'Managing the Risk of Fraud: actions to counter fraud and corruption'. A self assessment of how the council compares to the requirements of the above mentioned guidance has been carried out, involving both internal audit and benefits fraud staff.

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				An appendix of the Annual Internal Audit Report 2010/11 and Outline Audit Plan 2011/12 (presented at the 26/04/11 meeting of the Performance & Audit Scrutiny Committee) relates to fraud and demonstrates the progress made by the council during 2010/11 in developing anti-fraud arrangements; and publicises the actions taken where fraud or misconduct has been identified.
29. Does the audit committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	Y			Please see above.
30. Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	Y			
31. Does the audit committee review the authority's strategic risk register at least annually?	Y			
32. Does the audit committee monitor how the authority assesses its risk?	Y			
33. Do the audit committee's terms of reference include oversight of the risk management process?	Y			
FINANCIAL REPORTING AND REGULATORY MATTERS				
34. Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	Y			
35. Does the audit committee consider specifically: <ul style="list-style-type: none"> • the suitability of accounting policies and treatments • major judgements made • large write-offs • changes in accounting treatment • the reasonableness of 			Partial	<p>The Performance and Audit Scrutiny Committee reviews and challenges the draft accounts before recommending to Full Council. This challenge may include any of the bullet points but it is considered unrealistic for example for Members to have the detailed technical knowledge to challenge suitability of accounting policies.</p> <p>During 2009/10 the Audit Committee received a presentation on the introduction of IFRS which local authorities would have to comply with in respect of the 2010/2011 Accounts.</p>

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accounting estimates the narrative aspects of reporting?				In April 2011 the Committee received an update on the Council's preparations for implementation of IFRS, and information on the changes in arrangements for the reporting of financial statements to Members
36. Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Y			
37. Does the audit committee review management's letter of representation?	Y			Included within Audit Commission's Annual Governance Report (most recent being that reported to Performance and Audit Scrutiny Committee in January 2011).
38. Does the audit committee annually review the accounting policies of the authority?		N		See response to earlier related question.
39. Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Y			
40. Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?	Y			A specific duty of a member of the Performance and Audit Scrutiny Committee is to be aware of national developments and best practice relating to scrutiny and to keep the effectiveness of the process under review. Additionally, any new legislative requirements affecting the Committee would always be made known to it via a report.
INTERNAL AUDIT				
41. Does the audit committee approve, annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit	Y			

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work addresses the authority's significant risks?				
42. Does internal audit have an appropriate reporting line to the audit committee?	Y			
43. Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	Y			
44. Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	Y			
45. Does the audit committee hold periodic private discussions with the Head of Internal Audit?	Y		Partial	Internal Audit Manager attends Chair's briefing before Committee. During 2010/11 the Internal Audit Manager and Chief Finance Officer met privately with the Chair and Vice Chair of the Committee to discuss the audit planning process, and to consult with them on the outline Audit Plan for 2011/12.
46. Is there appropriate cooperation between the internal and external auditors?	Y			
47. Does the audit committee review the adequacy of internal audit staffing and other resources?	Y			
48. Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal audit in Local Government in the United Kingdom?	Y			

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49. Are internal audit performance measures monitored by the audit committee?	Y			
50. Has the audit committee considered the information it wishes to receive from internal audit?	Y			
EXTERNAL AUDIT				
51. Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	Y			
52. Does the audit committee hold periodic private discussions with the external auditor?		N		Believed not to be the case – but could if felt necessary.
53. Does the audit committee review the external auditor's annual report to those charged with governance?	Y			
54. Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?		N		The Internal Audit Manager does this and would build into internal audit work / action plans where necessary – Internal Audit performance reports cover areas of improvement still required.
55. Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?	Y			
56. Does the audit committee assess the performance of external audit?	Y			
57. Does the audit committee consider and approve the external audit fee?	Y			The Performance and Audit Scrutiny Committee receives and notes the Annual Audit Fee Letter which confirms the audit work the Audit Commission proposes to undertake during the financial year, setting out the estimated fee for that work.

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				The council is advised of the Annual Audit Fee Letter through the Performance and Audit Committee Chairman's report.
ADMINISTRATION				
Agenda management				
58.Does the audit committee have a designated secretary from Committee/Member Services?	Y			
59.Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	Y			
60.Are outline agendas planned one year ahead to cover issues on a cyclical basis?	Y			
61.Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?			N/A	There is a statutory prohibition against the transaction of business not on an agenda in the case of principal councils (LGA 1972), although urgent issues may be considered with the approval of the Chairman of the Committee, but these must be genuinely urgent, for example the inadvertent omission from an agenda of business required by law to be done at that meeting.
Papers				
62.Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	Y			
63.Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	Y			Both scrutiny committees require a summary of any reports to be provided, and the purpose of the report, i.e. exactly what is being asked of members. For the bulk of the report, it is left to officers to use whichever format they feel is most useful to get the message across.
Actions arising				
64.Are minutes prepared and circulated promptly to the appropriate people?	Y			

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65. Is a report on matters arising made and minuted at the audit committee's next meeting?	Y			
66. Do action points indicate who is to perform what and by when?	Y			