

CHECKLIST - COMPLIANCE WITH THE CODE 2009 in blue

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	GBC Comment 02-06-09
1	Scope of Internal Audit					
1.1	Terms of reference					
1.1.1	Do terms of reference:	Y			All of these requirements are contained within the current Audit Charter	Agreed
	(a) establish the responsibilities and objectives of Internal Audit?				AUDIT CHARTER - AUDIT COMMITTEE MINUTES 23/6/2008	<i>Could consider expanding Charter to specifically cover the following:</i>
	(b) establish the organisational independence of Internal Audit				http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?cmtc=AUD&meet=10&arc=71	<i>g) give idea / examples of consultancy work</i>
	(c) establish the accountability, reporting lines and relationships between the Head of Internal Audit and:					<i>h) provide a broad overview of how resource requirements will be assessed</i>
	(i) those charged with governance?					
	(ii) those parties to whom the Head of Internal Audit may report?					
	(d) recognise that Internal Audits remit extends to the entire control environment of the organisation?					<i>l) make explicit the right of access to assets, personnel and premises of partner organisations</i>
	(e) identify Internal Audits contribution to the review of the effectiveness of the control environment?					
	(f) require and enable the Head of Internal Audit to deliver an annual audit opinion?					
	(g) define the role of Internal Audit in any fraud-related or consultancy work (see also 1 3.2]??					
	(h) explain how Internal Audits resource requirements will be assessed?					
	(i) establish Internal Audits right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfill its responsibilities?					
1.1.2	Does the Head of Internal Audit advise the organisation on the content and the need for	Y			The Charter is reviewed annually	Agreed

	subsequent review of the terms of reference?		CODE OF PRACTICE REPORT 5/06/2007 http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?cmt=AUD&meet=5&arc=71	
1.1.3	Have the terms of reference been formally approved by the organisation?	Y	Audit Charter is endorsed by the Audit Committee AUDIT CHARTER see link above	Agreed
1.1.3	Are terms of reference regularly reviewed?	Y	Contained within the Audit Charter AUDIT CHARTER see link above	Agreed – review at June 2007 and June 2008
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 Audits work and where effort should be concentrated?	Y	The annual audit plan process includes a review of Risk Registers AUDIT PLAN PRESENTATION 08/09 – 7 April 2009 Audit Committee http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?cmt=AUD&meet=13&arc=71	Agreed – evidence of risk monitoring taken into account in planning – 09-06-09.
1.2.3	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?	Y	e.g. CCTV with Tunbridge Wells AUDIT CHARTER see link above	Agreed – evidence of partnerships audits taking place seen 09-06-09
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	CIA is PINS for Manager trained and sufficient resources exist. The PIA has also been on appropriate courses. COPY CERTIFICATES	Agreed – evidence seen 09-06-09
1.3.2	Do the terms of reference define Internal Audits role in: (a) fraud and corruption? (b) consultancy work?	Y	Contained within the Audit Charter AUDIT CHARTER see link above	a) Agreed b) Agreed – see comment at 1.1.1g above
1.4	Fraud and Corruption -			
1.4.2	Has the Head of Internal Audit made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	Y	Contained within the Confidential reporting code. CONFIDENTIAL REPORTING CODE Audit Committee 23/06/2008 http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?cmt=AUD&meet=10&arc=71	Agreed
2	Independence			
2.1	Principles of independence			
2.1.1	Is Internal Audit: (a) independent of the activities it audits? (b) free from any non-audit (operational)	Y	CIA has responsibility for Benefit Fraud but is not involved in audit work undertaken in this section	Agreed – also set out in the Audit Charter.

	duties?		BENEFIT FRAUD BRIEF –	
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	Audits are rotated at least every 3 years. AUDIT CHARTER see link above	Agreed
2.2	Organisational Independence			
2.2.1	Does the status of Internal Audit allow it to demonstrate independence?	Y	Reporting lines set out in Audit Charter AUDIT CHARTER see link above	Agreed
2.2.2	Does the Head of Internal Audit have direct access to: (a) officers? (b) members?	Y	Reporting lines set out in Audit Charter AUDIT CHARTER see link above	Agreed
2.2.2	Does the Head of Internal Audit report in his or her own name to members and officers'?	Y	AUDIT CHARTER see link above	Agreed
2.2.3	a) Is there an assessment that the budget for Internal Audit is adequate? b) Does any budget delegated to service areas ensure that: (i) Internal Audit adherence to the Code is not compromised? (ii) the scope of Internal Audit is not affected? (iii) Internal Audit can continue to provide assurance for the Statement on Internal Control?	Y	Contained within the annual Audit Plan. AUDIT PLAN see link above to Audit Committee	Agreed – statement re: adequate of resource budget – confirmed budgets not delegated 09-06-09.
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	Director of Finance is line manager. See AUDIT CHARTER for org. chart	Agreed – management team minutes seen 09-06-09
2.5	Independence of Internal Audit Contractors			
2.5.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?		N/A as there are currently no contract auditors	---
2.6	Declaration of Interest			

2.6.1	Do audit staff make formal declarations of interest?	Y	All staff are required to make declarations of interest. AUDIT CHARTER see link above Staff are required to sign a DECLARATION OF INTEREST FORM	Agreed – evidence seen 08-06-09
2.6.2	Does the planning process take account of the declarations of interest registered by staff?	Y	AUDIT CHARTER see link above	Agreed – Evidence seen of auditors with interest declared not auditing specified area 09-06-09
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	All Audit staff have read CIPFA Guidance on Ethics Staff are required to sign a declaration that they have read and understood the above	Agreed – evidence of declarations of interest / no interest seen 08-06-09
3.2	Integrity			
3.2.1	Has the internal audit team established an environment of trust and confidence?	Y	Audit Questionnaires have not raised any issues Annual CIA REPORT – Audit Committee 7 April 2009 http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?cmt=AUD&meet=13&arc=71	Agreed
3.2.1	Do internal auditors demonstrate integrity in all aspects of their work?	Y	Audit Questionnaires have not raised any issues Annual CIA REPORT – see link above	Agreed
3.3	Objectivity			
3.3.2	Are internal auditors perceived as being objective and free from conflicts of interest?	Y	Audit Questionnaires have not raised any issues Annual CIA REPORT – see link above	Agreed
3.3.3	Is a time period set by the Head of Internal Audit for staff where they do not undertake an audit in an area where they have had previous operational roles?	y	AUDIT CHARTER – see link above	Agreed – S7.9
3.3.4	Are staff rotated on regular/annually audited areas?	Y	Yes at least every 3 years. AUDIT CHARTER – see link above	Agreed – S7.10
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?	Y	Council’s Annual Plan is distributed to all staff and Is available on the Council Website http://www.tmbc.gov.uk/cgi-bin/buildpage.pl?mysql=1096 In addition objectives are discussed in appraisals, included in Cost Centre Performance plans and discussed in team meetings where appropriate	a) Agreed – discussion of arrangements and review of evidence 09-06-09 b) Agreed c) Agreed d) Agreed – evidence

(c) the scope of each audit assignment?
 (d) relevant legislation and other regulatory arrangements that relate to the audit?

Copies of section meetings and Cost Centre Performance Plan for Internal Audit

Part of the Audit Brief will include a review of the Risk Register for the topic.

EXAMPLE BRIEF

Each Audit has a brief prepared that contains the scope of the audit.

EXAMPLE BRIEF

Part of the Audit process will be to review legal background for provision of the service.

EXAMPLE BRIEF E.G FIXED PENALTIES

seen that briefs prepared in consideration of CIPFA matrices thereby covering relevant legislation.

3.5	Confidentiality			
		Y	All staff have been trained on Data Protection	
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?			Agreed: S14 of Audit Charter refers to auditors responsibility to act in line with CIPFA / IIA guidelines.
4	Audit Committees			
4.1	Purpose of the Audit Committee			
4.1.1	Does the organisation have an independent audit committee?	Y	Audit Committee in place MINUTES http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab71.pl	Agreed
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	CIA attends all Audit Committee Meetings and so do the external auditors who have commented on it being an effective committee. CAN SUPPLY EMAIL ADDRESS	Agreed - Committee members invite / attendance at KAG Conference and evidence seen of support provided to members 08-06-09.
4.2.2	Does the committee approve the internal audit strategy and monitor progress?	Y	Audit Committee endorse Audit Charter and receive annual report on Internal Audit AUDIT CHARTER ANNUAL REPORT – See link above	Agreed
4.2.2	Does the committee approve the annual internal audit plan and monitor progress?	Y	Audit Committee endorse annual Audit Plan and receive progress reports and an outturn report COMMITTEE MINUTES OUTURN REPORT – Audit Committee 7 April 2009 http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?c	Agreed

4.2.4	<p>Does the Head of Internal Audit:</p> <p>(a) attend the committee and contribute to its agenda?</p> <p>(b) participate in the committee's review of its own remit and effectiveness?</p> <p>(c) ensure that the committee receives and understands documents that describe how Internal Audit will fulfill its objectives?</p> <p>(d) report on the outcomes of internal audit work to the committee?</p> <p>(e) establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa?</p> <p>(f) present the annual internal audit report to the committee?</p>	P	<p>mte=AUD&meet=13&arc=71</p> <p>CIA attends all Audit Committee meetings and submits reports. Requires an annual report from Committee Chairman</p> <p>CHAIRMANS ANNUAL REPORT</p> <p>Audit Committee receive training as well as documents on Audit function</p> <p>MINUTES 25/6/07 ETC.</p> <p>Progress reports and annual reports submitted to Audit Committee</p> <p>TO DATE ANNEX AND ANNUAL REPORT</p> <p>Plan is endorsed by Committee who have the right to comment and require changes</p> <p>– Audit Committee 7 April 2009</p> <p>http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?c_mte=AUD&meet=13&arc=71</p> <p>Annual report submitted to Committee</p> <p>ANNUAL REPORT – Audit Committee 7 April 2009</p> <p>http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?c_mte=AUD&meet=13&arc=71</p>	<p>a) Agreed: evidenced by attendance notes on meeting minutes.</p> <p>b) Agreed – report being prepared for June 2009 09-06-09</p> <p>c) Agreed</p> <p>d) Agreed</p> <p>e) Agreed</p> <p>f) Agreed</p>
4.2.5	<p>Is there the opportunity for the Head of Internal Audit to meet privately with the audit committee?</p>	Y	<p>CIA has right of direct access to Chairman of Audit Committee</p> <p>AUDIT CHARTER – see link above</p>	<p>Agreed: S 7.7 and S 6.6e</p>
5	Relationships			
5.1	Principles of Good Relationships			
5.1.2	<p>Is there a protocol that defines the working relationship for Internal Audit with:</p> <p>(a) management?</p> <p>(b) other internal auditors? ,</p> <p>(c) external auditors?</p> <p>(d) other regulators and inspectors?</p> <p>(e) elected members?</p>	Y	<p>AUDIT CHARTER – see link above</p>	<p>Agreed</p>
5.2	Relationships with Management			
5.2.1	<p>Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers?</p>	Y	<p>Quality Control questionnaires issued with each report</p> <p>QUESTIONNAIRES reported on in ANNUAL REPORT – Audit Committee 7 April 2009</p> <p>http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?c_mte=AUD&meet=13&arc=71</p>	<p>Agreed</p>

5.2.2	Is the timing of audit work planned in conjunction with management?	Y	Briefs issued to managers prior to audit commencing and managers can request deferment for valid reasons EMAIL EXAMPLE	Agreed – evidence from email to which brief is attached seen 08-06-09 Limited detail on time scale in brief – consider including instruction to officers on how to request deferment?
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	All audit papers are stored electronically or in hard copy and are available to all internal auditors SHARED FILES CAN BE VIEWED	Agreed – evidence seen 09-06-09
5.4	Relationships with External Auditors			
5.4.2	Is it possible for Internal Audit and External Audit to rely on each others work?	Y	Annual external inspection has consistently placed reliance on Internal Audit work. Annual Audit & Inspection Report from Audit Commission - – Audit Committee 7 April 2009 http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?cmte=AUD&meet=13&arc=71	Agreed – Internal Audit not detailed in AAIL therefore no weaknesses identified in Internal Audit arrangements. DB emailed AC – as yet no response received.
5.4.3	Are there regular meetings between the Head of Internal Audit and the External Audit Manager'?	Y	Quarterly meetings have been introduced At the request of the Audit Commission these meetings are only to be held if thought necessary	Agreed – IA set up meetings but AC stated these were not required.
5.4.3	Are the internal and external audit plans co-ordinated?	Y	Internal Audit plans are discussed with external audit to prevent duplication of work Copy of Internal Audit Plan sent to AC for comment	Agreed – this is set out in section 4.4 of Internal Audit manual.
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	Meetings set up with External audit and other agencies where necessary and are covered in Charter working protocols. LIAISON MEETING MINUTES & AUDIT CHARTER – see above link	Agreed: defined in Audit Charter.
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?	Y	Covered in the council's constitution and audit charter. CONSTITUTION AND AUDIT CHARTER –see above link Link to Constitution - http://www.tmbc.gov.uk/cgi-bin/buildpage.pl?mysql=1049	Agreed: in charter

5.6.1	Does the Head of Internal Audit maintain good working relationships with Members?	Y	Frequently attends Committee meetings and considers there to be a good working relationship COULD QUESTION Audit Committee	Agreed – evidence seen of members seeking advice, also members attendance at KAG conference. Could consider conducting review of effectiveness of the Audit Committee as suggested in CIPFA audit committee guidance?
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6	Staff Training and Continuing Professional Development			
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6.1	Staffing Internal Audit			
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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	Principal Auditor is ACCA, MIIA and AAT qualify, Senior Auditors attained AAT and the Audit Assistant is studying AAT. COPY CERTIFICATES	Agreed: also comment re: resource budget in audit plan report
6.1.1	Does the Head of Internal Audit have access to appropriate resources where the necessary skills and expertise are not available within the internal audit team?	Y	Has not been tested for a number of years but would have to make a request through the Director of Finance	Agreed – likely CoCo requirement has been delegated to IT.
6.1.2	Is the Head of Internal Audit professionally qualified and experienced?	Y	CIA is qualified as MSc and Institute of Internal Auditors COPY CERTIFICATES	Agreed – certificates seen 09-06-09
6.1.2	Does the Head of Internal Audit have wide experience of internal audit and management?	Y	Has over twenty years experience as a manager	Agreed Confirmed by Nick Brown
6.1.3	(a) Do all internal audit staff have up-to-date job descriptions? (b) Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for internal audit staff?	Y	Annual appraisal ensures objectives are clear Job descriptions and People Specifications	a) Agreed – evidence seen – dated JD/PS 09-06-09 b) Agreed

6.2	Training and Continuing Professional Development			
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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	Part of Job Description Quality of work is reviewed during each audit Training needs assessed as part of appraisal JOB DESCRIPTIONS	a) Agreed b) Agreed – evidence seen 08-06-09. c) Agreed – evidence
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	(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.		REVIEWS APPRAISALS – are confidential but template can be provided	seen 09-06-09 d) Agreed – evidence seen 09-06-09
6.2.2	Do individual auditors maintain a record of their professional training and development activities?	Y	Each Auditor either completes CPD or training is reviewed as part of appraisal process SEE AUDITORS	Agreed – evidence seen 09-06-09
7	Audit Strategy and Planning			
7.1	Audit Strategy			
7.1.1	(a) Is there an internal audit strategy for delivering the service? (b) Is it kept up to date with the organisation and its changing priorities?	Y	Methodology for audit provision contained in Audit Charter and reviewed annually AUDIT CHARTER – see link above	a) Agreed b) Agreed – updates approved by Audit Committee
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 Audits 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	Covered in part by the Charter and in part by the Annual Audit Plan. AUDIT CHARTER – see link above AUDIT PLAN – see link above	a) Agreed b) Agreed c) Agreed d) Agreed e) Agreed
7.1.3	Has the strategy been approved by the audit committee?	Y	Audit Charter is endorsed annually AUDIT CHARTER – see link above	Agreed
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	Three year plan considers risk registers and an operational plan is produced annually SEE PAPER PLANNING FILE	Agreed - evidence of risk based approach to audit plan. Risk registers taken into account and reviewed in each audit. 09-06-09
7.2.1	Where the risk management process is not fully developed or reliable, does the Head of Internal Audit undertake his or her own risk assessment process?	Y	Risk registers are in place and each audit ensures that an up to date risk register is in place N/A	Agreed – evidence seen 09-06-09
7.2.1	Are stakeholders consulted on the audit plan?	Y	Audit plan is circulated to Chief Officers and External Audit prior to presentation to Audit Committee	Agreed – arrangements in place to share plan

SEE EMAIL OR MT MINUTES

with management team and audit commission before being agreed by Audit Committee. 09-06-09

7.2.2	Does the plan demonstrate a clear understanding of the organisation's functions?	Y	Explanation of areas of audit and objectives are given in the plan AUDIT PLAN – see link above	Agreed
7.2.3	Does the plan: (a) cover a fixed period of no longer than one year? (b) outline the assignments to be carried out? (c) prioritise assignments? (d) estimate the resources required? (e) differentiate between assurance and other work? (f) allow a degree of flexibility?	Y		a) Agreed b) Agreed c) Agreed – assignments are prioritised according to risk. 09-06-09 d) Agreed e) Agreed f) Agreed – evidence of amendment to plan seen 08-06-09
7.2.4	Is there is an imbalance between the resources available and resources needed to deliver the plan, is the audit committee informed of proposed solutions?	Y		Agreed – also evidenced by 'Audit work to date' reports
7.2.4	Has the plan been approved by the audit committee'?	Y	Endorsed by Audit Committee annually Audit Plan – see link above	Agreed
7.2.5	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	Y	Regular updates on audit plan progress are given to Audit Committee SEE OUTURN REPORT 07/08 – link above	Agreed – arrangements are in place but this situation has not arisen. 09-06-09

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	Brief prepared for each audit Copy given to Managers prior to audit taking place for comment SEE BRIEFS FILE AND EMAIL FILE	a) Agreed – evidence seen 08-06-09 b) Agreed – evidence of audit briefs and email discussions with manage seen 08-06-09
8.1.1	Does the brief set out: (a) objectives'?	Y	Covered in briefs	a) Agreed

- (b) scope?
- (c) timing?
- (d) resources'?
- (e) reporting requirements'?

SEE EXAMPLE BRIEF

- b) Agreed
- c) Agreed – though not dated on brief, email sent with brief does set out time scale. Evidence seen 08-06-09.
- d) Agreed
- e) Agreed – though not set out on brief itself this is detailed on the email sent with brief. 09-06-09

8.2 Approach				
8.2.1	Is a risk-based audit approach used?	Y	Key systems are given priority and high risk areas included in plan SEE PAPER FILE	Agreed – planning process is risk based – audit approach is dependent on the service in question. Risk registers are reviewed in every audit and any weaknesses identified are looked into. 09-06-09
8.2.3	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	Y	Problems are discussed during audit and draft report also given to auditee Auditor discusses problems found as and when they occur	Agreed – evidence seen 08-06-09
8.2.4	Does the audit approach include a quality review process for each audit?	Y	Questionnaire issued with each audit report and also a managers quality review QUESTIONNAIRE MANAGERS QUALITY REVIEW	Agreed – evidence of manager & Internal Quality reviews seen 08-06-09
8.3 Recording Audit Assignments				
8.3.1	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	Y	Contained within audit files SEE PAPER AUDIT FILE	Agreed – also detailed in the audit manual Evidence of manager & Internal Quality reviews seen 08-06-09
8.3.1	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	Y	Manager review of all audits ensures consistency QUALITY REVIEW MANAGERS REVIEW	Agreed – evidence of manager & Internal Quality reviews seen 08-06-09

8.3.2	Are working papers such that an experienced auditor can easily: (a) identify the work that has been performed? (b) re-perform it if necessary? (c) see how the work supports the conclusions reached?	Y	Audit files are compiled to set pattern SEE PAPER FILES	a) Agreed – evidence seen 09-06-09 b) Agreed – evidence seen 09-06-09 c) Agreed – evidence seen 09-06-09
8.3.3	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	Y	SEE DOCUMENT RETENTION POLICY	Agreed
8.3.3	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	All staff trained in Data Protection and Freedom of Information	Agreed
8.3.3	Is there an access policy for audit files and records?	Y	Paper files are secured in filing cabinets and access to electronic files restricted to audit	Agreed – evidence seen 09-06-09

9	Due Professional Care			
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9.2	Responsibilities of the individual Auditor			
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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	Y	Audit Manual	a) Agreed b) Agreed c) Agreed – in Internal Audit Charter d) Agreed e) Agreed – in Internal Audit Charter f) Agreed h) Agreed – in Internal Audit Charter l) Agreed – in Internal Audit Charter
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standards?

(i) not using information they gain in the course of their duties for personal use?

9.3	Responsibilities of the Head of Internal Audit			
9.3.1	Has the Head of Internal Audit established a monitoring and review programme to ensure that due professional care is achieved and maintained?	Y	All audits have a management check MANAGERS REVIEW	Agreed – evidence seen 08-06-09
9.3.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	Y	Confidential reporting code is in place CONFIDENTIAL REPORTING CODE – Audit Committee 23 June 2008 http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?mte=AUD&meet=10&arc=71	Agreed – also a responsibility of the CIA set out in the Internal Audit Charter
10	Reporting			
10.1	Principles of Reporting			
10.1.1	Is an opinion on the control environment and risk exposure given in each audit report?	Y	EXAMPLE REPORT	Agreed – set out in the Internal Audit manual and charter
10.1.3	Has the Head of Internal Audit determined the way in which Internal Audit will report?	Y	Set out in Audit Charter and reviewed at Team Meetings AUDIT CHARTER – see link above AUDIT MANUAL	Agreed
10.1.4	Has the Head of Internal Audit set out the standards for internal audit reporting?	Y	Consistent format of audit files AUDIT CHARTER AUDIT MANUAL PAPER FILES	Agreed
10.1.5	Are there laid-down timescales for reports to be issued?	Y	Contained within Audit Procedures EXAMPLE REPORT AND BRIEF	Agreed
10.1.4	Do the reporting standards include:	Y	All of these requirements are contained within the Audit Charter AUDIT CHARTER – see link above	a) Agreed
10.1.4	(a) format of the reports?			b) Agreed
10.2.2	(b) quality assurance of reports'?			c) Agreed
10.2.1	(c) the need to state the scope and purpose of the audit?			d) Agreed
10.1.4	(d) the requirement to give an opinion?			e) Agreed
10.2.1	(e) process for agreeing reports with the recipient?			f) Agreed – in Manual
	(f) an action plan or record of points arising from the audit and, where appropriate, of agreements reached with management			All points in Internal Audit Manual

	together with appropriate timescales?			
10.2.3	Does the audit reporting process include discussion and agreement of reports?	Y	Drafts issued for discussion prior to final report stage AUDITORS EMAILS	Agreed – evidence seen 08-06-09
10.2.4	Has the Head of Internal Audit determined a process for prioritising recommendations according to risk?	Y	Risks are given priority and follow up is progressed according to priority EXAMPLE REPORT	Agreed
10.2.5	Are areas of disagreement recorded appropriately?	Y	If they cannot be resolved then it is recorded on the action plan and reported to Audit Committee SEE PAPER FILES	Agreed – proportion of recommendations made and accepted is monitored as a KAG PI. 09-06-09
10.2.6	Is the circulation of each audit report determined when preparing the audit brief?	Y	Circulation is determined by managerial responsibility SEE PIA'S AND AUDITORS EMAILS	Agreed - 08-06-09 Consider including in brief document?
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	Cover sheet contains distribution list Circulation is determined by managerial responsibility SEE REPORT COVER	a) Agreed - 08-06-09 b) Agreed – 08-06-09. Not included on brief, but is on email to which brief is attached.
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	All High priority recommendations are reported to Audit Committee SEE OUTURN REPORT – link above All audit reports include a review of risk registers EXAMPLE REPORT	a) Agreed b) Agreed
10.3	Follow-up Audits and Reporting			
10.3.1	Has the Head of Internal Audit defined the need for and the form of any follow-up action?	Y	Covered on the first page of all audit reports and time frame included in action plan EXAMPLE REPORT	Agreed – evidence seen 09-06-09. Also where overall assurance given is minimal audit areas will feature on the audit plan in the following year.
10.3.2	Has the Head of Internal Audit established appropriate escalation procedures for internal audit recommendations not implemented by the agreed date?	Y	Will report failings to Audit Committee EXAMPLE REPORT	Agreed Evidence seen - 08-06-09
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to	Y	Where there is an issue that results in a limited assurance or high priority outcome then the action taken is reported to the Audit	Agreed – evidence of update reports seen 09-06-09. Though update

	management?		Committee on the update report see link above	report does not give revised opinion, follow up audits are completed in the following year which give new opinion.
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	Y	All auditors review previous audit reports as part of work plan. Any very week areas are taken into account when the plan is written	Agreed – detailed in Internal Audit Manual
10.4	Annual Reporting and Presentation of Audit Opinion			
10.4.1	Does the Head of Internal Audit provide an annual report to support the Statement on Internal Control?	Y	Statement included in Annual Governance Statement ANNUAL GOVERNANCE STATEMENT – Audit Committee 7 April 2009 http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab12.pl?cmte=AUD&meet=13&arc=71	Agreed – evidence seen 09-06-09
10.4.2	Does the Head of Internal Audits annual report: (a) include an opinion on the overall adequacy and effectiveness of the organisation's control environment? (b) disclose any qualifications to that opinion, together with the reasons for the qualification? (c) present as summary of the authority's work from which the opinion was derived, including reliance placed on work by other assurance bodies? (d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Statement on Internal Control? (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	Annual report of the CIA to Audit Committee deals with these points ANNUAL REPORT – see link above	a) Agreed b) N/A c) Agreed d) Agreed – comment that steps taken to address weaknesses identified e) Agreed – evidence seen 09-06-09 f) Agreed – COP referred to. This statement is in the Charter and Manual. g) Agreed
10.4.3	Has the Head of Internal Audit made provision for interim reporting to the organisation during the year?	Y	Regular updates given to Audit Committee See audit Committee reports - http://egenda.tmbc.gov.uk/akstonbridge/users/public/admin/kab71.pl	Agreed

11	Performance, Quality and Effectiveness			
11.1	Principles of Performance, Quality and Effectiveness			
11.1.1	Is there an audit manual?	Y	AUDIT MANUAL	Agreed
11.1.1	Does the audit manual provide guidance on: (a) carrying out day-to-day audit work? (b) complying with the Code?	Y	AUDIT MANUAL	a) Agreed b) Agreed
11.1.1	Is the audit manual reviewed regularly and updated to reflect changed in working practices and standards			Agreed – Manual last updated May 2009. 09-06-09
11.1.2	Does the Head of Internal Audit have arrangements in place to assess the performance and effectiveness of: a) each individual audit? b) the internal audit service as a whole?	Y	Performance measures in place and feedback is given to Audit Committee ANNUAL REPORT AUDIT QUESTIONNAIRES – see link above	a) Agreed – evidence seen 08-06-09 b) Agreed – combination of performance measures, KAG PIs and Maidstone Price book. 09-06-09
11.2	Quality Assurance of Audit Work			
11.2.1	Does the Head of Internal Audit have a process in place to ensure that work is allocated to auditors who have the appropriate skills, experience and competence?	Y	All audit tasks are allocated according to ability. Individual auditors will discuss prior to undertaking audit any areas of uncertainty. Post audit review ensures quality of understanding and ability	Agreed – evidence seen 08-06-09
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	Senior staff are experienced auditors and carry out audits with minimum supervision. The Internal Audit Assistant is Supervised by the Senior Auditors and the Principal Internal Auditor. Quality control questionnaires and reviews ensure quality BRIEFS QUESTIONNAIRES	Agreed – evidence of manager and internal quality reviews seen 08-06-09
11.2.2	Does the supervisory process cover: (a) monitoring progress? (b) assessing quality of audit work? (c) coaching staff?	Y	Is included as review, team meeting and appraisal processes And is performed day to day.	a) Agreed – evidence of monitoring arrangements seen 09-06-09 b) Agreed – evidence of manager and internal quality reviews seen 08-06-09 c) Agreed – staff development (non technical) set out in S3.2 of Manual
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	All audits are subjected to a management review and a satisfaction questionnaire is issued with each report MANAGERS REVIEW QUESTIONNAIRE QUALITY REVIEW	Agreed – evidence of management and internal quality reviews seen 08-06-09. Evidence of survey results seen 09-06-09
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	Kent Audit Group is introducing a set of benchmarks for comparison. The results of the satisfaction questionnaires are recorded and reported to management and Members against targets agreed at Appraisal stage. All individual audits are reviewed for quality and content. Where there are quality issues these are dealt with on an individual basis. Included in Annual Outturn Report to Audit Committee – 7 April 2009 – see link above	a) I) Agreed – CIA annual audit report sets out performance against performance measures. Appraisals set and monitor performance against targets. ii) N/A Iii) Agreed - CIA annual report details performance. 09-06-09 b) Agreed – Post audit surveys for individual audits. Peer and External audit review service. Verbal feedback from received from service managers during planning process when audit brochure was shared. Consider full client satisfaction survey on biannual basis. c) Agreed - Audit planning process / report d) Agreed – this review. e) Agreed – action plan to be created from this review.
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	Y	Satisfaction questionnaires are used to monitor quality ANNUAL REPORT – see link above	Agreed – annual report details performance against measures of client satisfaction, recommendations

service provided to the user?

accepted / implemented,
productive time,
proportion of plan
completed.

11.3.4 Does the Head of Internal Audit report on the results of the performance management and quality assurance programme in the annual audit report?

Y

Covered in CIA Annual Report to Audit Committee

[ANNUAL REPORT – see link above](#)

Agreed

11.3.5 Does the Head of Internal Audit provide evidence from his or her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?

Y

Covered in CIA Annual Report to Audit Committee

[ANNUAL REPORT – see link above](#)

Agreed