

ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEMS OF INTERNAL AUDIT

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REASONS FOR REPORT

The Accounts and Audit Regulations 2003 (as amended 2006) require a review of the systems of Internal Audit.

This report summarised the outcome of the review and provides an action plan for improvement.

OPTIONS OPEN TO THE COMMITTEE

Review the actions and summary of the outcomes;
Approve the action plan.

1. INFORMATION

1.1. The Accounts and Audit Regulations 2003 (as amended 2006) require a review of the systems of Internal Audit. Head of Audit again carried out a self-assessment exercise in line with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Last year Councillor Elizabeth Kemp agreed to review the self-assessment. For 2008-9 it was agreed that a peer review would be appropriate and a partner was identified in the Head of Audit at Southend On Sea Borough Council, Linda Everard. She met with the Chairman on 20 April 2009 and conducted the review on 1 June 2009.

1.2. This report on the outcome has been agreed with Ms Everard as an accurate reflection of her findings.

1.3. All documents and evidence were produced when requested and the view was that Internal Audit is substantially compliant. There were some housekeeping issues to be addressed and it was recognised that the Comprehensive Area Assessment would present new challenges for audit that it would have to discuss with its partners. It was also noted that the Audit Committee had yet to carry out a review of its own effectiveness and that this should be undertaken at the earliest opportunity. The development of written protocols (section 5.1) was carried forward from the previous year's action plan.

1.4. The assessment of compliance and the areas for improvement are outlined below in an agreed action plan.

APPENDIX 1: INTERNAL AUDIT SUMMARY SELF ASSESSMENT& ACTION PLAN: 2008/09

REF	ADHERENCE TO THE STANDARD	Y	P	N	ACTION REQUIRED	RESPONSIBLE OFFICER	DATE
1: SCOPE OF INTERNAL AUDIT							
SCOPE OF INTERNAL AUDIT							
1.1	Terms of Reference	X			Update Term of Reference	Head of Audit	June2009
1.2	Scope of Work	X			Liaise with significant partners in the Local Strategic Partnership to try to establish common Terms of reference, data sharing protocol and the approach to sharing assurance.	Head of Internal Audit	March 2010
1.3	Other Work	X			None		
1.4	Fraud and Corruption	X			None		
2: INDEPENDENCE							
SCOPE OF INTERNAL AUDIT							
2.1	Principles of Independence	X			None		

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2.2	Organisational Independence	X			None		
2.3	Status of the Head of Internal Audit	X			None		
2.5	Independence of Internal Audit Contractors	X			None		
2.6	Declaration of Interest	X			None		
3: ETHICS FOR INTERNAL AUDITORS							
SCOPE OF INTERNAL AUDIT							
3.1	Purpose	X			None		
3.2	Integrity	X			None		

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3.3	Objectivity	X			None		
3.4	Competence	X			None		
3.5	Confidentiality	X			None		
4: AUDIT COMMITTEES							
SCOPE OF INTERNAL AUDIT							
4.1	Purpose of the Audit Committee	X			None		
4.2	Internal Audit's Relationship with the Audit Committee	X			The Committee need to carry out a review of its own effectiveness	Head of Audit	Sep 2009

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5: RELATIONSHIPS							
SCOPE OF INTERNAL AUDIT							
5.1	Principles of Good Relationships		X		Develop working protocols with significant partners Internal Auditors	Head of Audit	March 2009
					a) Draft a working protocol for relationship with CMT b) Negotiate a protocol with Deloitte c) Contact LSP partners to identify common areas of interest.	Head of Internal Audit	Sep 2009 July 2009 July 2009
5.2	Relationships with Management	X			None		
5.3	Relationships with Other Internal Auditors		X		See 5.1		

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5.4	Relationships with External Auditors	X			None		
5.5	Relationships with Other Regulators and Inspectors	X			None. There is no regular liaison with the Audit Commission's Relationship Manager or other inspectors but it is not felt necessary to pursue this.		
5.6	Relationships with Elected Members	X			None		
6: STAFFING, TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT							
SCOPE OF INTERNAL AUDIT							
6.1	Staffing Internal Audit	X			None		

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6.2	Training and Continuing Professional Development	X			None		
7: AUDIT STRATEGY AND PLANNING							
SCOPE OF INTERNAL AUDIT							
7.1	Audit Strategy	X			None		
7.2	Audit Planning	X			None		
8: UNDERTAKING AUDIT WORK							
8.1	Planning	X			None		
8.2	Approach	X			Introduce a cold review of Audit Files to assess compliance with documents and quality standard set	Head of Audit	July 2009

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8.3	Recording Audit Assignments	X			Include the specific Internal Audit document retention policies in the corporate guidance. Formal document and access policy for Audit files and records	Head of Audit	June 2009 Sep 2009
9: DUE PROFESSIONAL CARE							
SCOPE OF INTERNAL AUDIT							
9.2	Responsibilities of the Individual Auditor	X			None		
9.3	Responsibilities of the Head of Internal Audit	X			None		
10: REPORTING							
SCOPE OF INTERNAL AUDIT							
10.1	Principles of Reporting	X			None		

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10.2	Reporting on Audit Work	X			Formalise reporting of identified audit risks to the Risk Manager.	Head of Audit	Sep 2009
10.3	Follow-up Audits and Reporting	X			None		
10.4	Annual Reporting and Presentation of Audit Opinion	X			None		
11: PERFORMANCE, QUALITY AND EFFECTIVENESS							
SCOPE OF INTERNAL AUDIT							
11.1	Principles of Performance, Quality and Effectiveness	X			Review how to engage service managers in completing the CIPFA survey on the whole section performance.	Head of Internal Audit	Sept 2009
11.2	Quality Assurance of Audit Work	X			None		

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11.3	Performance and Effectiveness of the Internal Audit Service	X			None		