

**Compliance Checklist**  
**Areas of non-compliance with the Code of Practice for Internal Audit in Local Government 2006**

Code Ref	Adherence to the Standard	Comments
<b>1.</b>	<b>Scope of Internal Audit</b>	
1.1	<b>Terms of Reference</b>	
1.1.1	Do the terms of reference explain how internal audit's resource requirements will be assessed?	This is not specifically explained in the Audit Charter although the Audit Manual covers how resource requirements are assessed. Details of resources and staffing levels are included in reports on Internal Audit activity which are considered by the Audit Committee.
1.1.1	Do terms of reference establish rights of access to all records...including those of <u>partner</u> organisations...?	Unrestricted coverage to all records is stated in the Audit Charter. Access to records of 'partner' organisations is only implied as it is not explicitly mentioned.
1.2	<b>Scope of Work</b>	
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?	Access rights have not been formally identified in 'partnership' arrangements. With respect to 'accountable body' arrangements, appropriate accounting and certification procedures are in place in compliance with the Councils' Financial Regulations.
<b>2.</b>	<b>Independence</b>	
2.1	<b>Principles of Independence</b>	
2.1.2	Where internal audit staff have been consulted during system, policy or procedure development, are they precluded from making comments during routine or future audits?	There is a rotation policy in place. Due to the small size of the team, it is difficult to apply this in practice. All work is supervised and reviewed independently by other auditors in any case. The Audit and Resources Manager monitors any potential conflict areas.
2.2	<b>Organisational Independence</b>	
2.2.2	Does the Head of Internal Audit report in his/her own name to members and officers?	Reports are made under the name of 'Director of Resources' although the report author is clearly identified as the 'Audit and Resources Manager'
2.3	<b>Status of the Head of Internal Audit</b>	
2.3.1	Is the Head of Internal Audit managed by a member of the corporate management team?	The immediate line manager is the 'Head of Financial Services' and not the 'Director of Resources' who sits on Management Team.
<b>4.</b>	<b>Audit Committees</b>	
4.2	<b>Internal Audit's relationship with the Audit Committee</b>	
4.2.4	Does the Head of Internal Audit participate in the [audit] committee's review of it's own remit and effectiveness?	Since the Audit Committee was first established in June 2006, a review has not been undertaken of its remit and effectiveness requiring the Audit and Resources Manager's participation.
<b>5.</b>	<b>Relationships</b>	
5.1	<b>Principles of Good Relationships</b>	
5.1.2	Is there a protocol that defines the working relationship for Internal Audit with b) other internal auditors? d) other regulators / inspectors?	There is no outsourcing of audit work and therefore no relationships with other internal auditors. The Audit Section liaises with the Audit Commission, but apart from this no other regulatory agencies are formally involved.
5.3	<b>Relationships with other Internal Auditors</b>	
5.3.1	Do arrangements exist with other internal auditors that include joint working papers, access to working papers, respective roles	There are currently no joint working arrangements in place covering access to papers, roles and confidentiality.

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	and confidentiality?	
<b>5.4</b>	<b>Relationships with External Auditors</b>	
5.4.3	Are the internal and external audit plans co-ordinated?	There is some co-ordination in terms of high level consultation with respect to Audit Plans although no detailed co-ordination of audit fieldwork is held.
<b>5.5</b>	<b>Relationships with Other Regulators and Inspectors</b>	
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?	As a district Council, the range of inspection agencies is limited. Dialogue is maintained with the Audit Commission. Departments liaise appropriately with any regulatory bodies covering their specific service areas.
<b>5.6</b>	<b>Relationships with Elected Members</b>	
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?	The terms of reference do not define these channels although there is a Council protocol on member and officer relations.
<b>8.</b>	<b>Undertaking Audit Work</b>	
<b>8.3</b>	<b>Recording Audit Assignments</b>	
8.3.3	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	There is no defined policy in place covering retention of audit documentation.
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?	Although there are no defined policies in place specifically for the Audit Section, the service consults appropriately with designated council officers responsible for data protection and freedom of information etc. to maintain compliance.
8.3.3	Is there an access policy for audit files and records?	There is no defined policy for access to audit files and records. Audit documentation access is strictly controlled and there is no wider access outside of the Audit Section.
<b>10.</b>	<b>Reporting</b>	
<b>10.2</b>	<b>Reporting on Audit Work</b>	
10.2.1	Do the reporting standards include the requirement to give an opinion?	No formal opinion is given in audit reports regarding assurances.
10.2.7	Does the Head of Internal Audit have mechanisms in place to ensure that risk registers are updated?	Updating of risk registers is the responsibility of departments. Audit fieldwork includes reviewing risk register and risk management arrangements.
<b>10.3</b>	<b>Follow-up Audits and Reporting</b>	
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	No formal opinion is given although the outcome of follow-up work is appropriately reported.
<b>11.</b>	<b>Performance, Quality and Effectiveness</b>	
<b>11.3</b>	<b>Performance and effectiveness of the Internal Audit Service</b>	
11.3.2	Does the ...framework include...a comprehensive set of targets to measure performance...which are included in <u>service level agreements</u> , where appropriate?	No service level agreements exist as there is no outsourced audit work. There are a range of performance measure in place covering the work of the in-house team.
11.3.2	Does the ...framework include...user feedback obtained for each individual audit and <u>periodically</u> for the whole service?	User feedback is currently received for each individual audit but not periodically for the whole service. An annual review of the effectiveness of internal audit is undertaken by an independent 'review panel'.