

## EVALUATION OF INTERNAL AUDIT – AUDIT COMMITTEE

Completed by the Chair and Vice Chair on behalf of the Audit Committee

### Understanding

How well does internal audit demonstrate that it:	Strong	Adequate	Needs improving
Recognises its accountability to the audit committee;	√		
Has a strong understanding of the responsibilities and operation of the audit committee.	√		
Understands the expectations of the audit committee and the chairman	√		
Understands the organisation's business and risk environment?		√	
<b>Comments</b>			
Internal Audit is still developing its risk based approach to audit and needs clear communication to the Audit Committee by way of training.			

### Terms of Reference and Audit Strategy

Do the terms of reference for internal audit define?	Yes	No
Roles and responsibilities, including those in relation to other internal functions	√	
Expectations of management	√	
Scope of internal audit	√	

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work		
Access to information	√	
Has internal audit's terms of reference been reviewed within the last two years?	√	
Does internal audit terms of reference reflect the organisations needs?	√	
Are internal audit's terms of reference visible to everyone in the organisation?	√	
Does internal audit terms of reference and audit strategy facilitate:		
<ul style="list-style-type: none"> <li>• Consistency in the quality of service to the organisation</li> </ul>	√	
<ul style="list-style-type: none"> <li>• Understanding of the organisation's business issues;</li> </ul>	√	
<ul style="list-style-type: none"> <li>• The delivery of value to the organisation</li> </ul>	√	
<ul style="list-style-type: none"> <li>• Adequate independence over the activities its audits</li> </ul>	√	
<b>Comments</b>		

### Audit Resources

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	Strong	Adequate	Needs improvement
How well does internal audit's staffing reflect its roles and responsibilities			√

	Yes	No
On the basis of the work performed by internal audit over the past 12 months, does internal audit appear to have the right mix of skills, experience in competencies in specialist areas such as IT, counter fraud, pension fund?		√
Does internal audit have a programme of staff development and skills enhancement?	√	
Does the internal audit function offer adequate career progression opportunities for its employees?	?	

### Comments

There is a strong desire to develop the skills set/directory of the staff particularly in ICT and fraud but also to ensure there are enough resources to adequately staff the service.

We are not clear if there is a pathway for the promotion and development of staff

### Communications

	Yes	No
Has internal audit attended all the audit committee meetings it was scheduled to attend?	√	
Has internal audit made itself available for consultation outside of	√	

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audit committee meetings?		
Does internal audit determine that the chairman of the audit committee is fully briefed on significant findings or developments prior to audit committee meetings?	√	
Have reports been received from internal audit on a sufficiently timely basis?	√	
Does internal audit promptly advise the audit committee about significant issues and significant developments, including on special projects such as fraud investigations?	√ ??	
Does internal audit promptly advise the committee about significant changes to the internal audit plan?	√	
Does internal audit contribute to the committee's understanding of the overall assurance framework within the organisation and the role internal audit plays in this framework?	√	
Does the internal audit function proactively share its knowledge widely with the business i.e. outside the strict reporting channels?	√	√

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	Strong	Adequate	Needs improving
Evaluate internal audit's responsiveness to requests from the audit committee	√		
Evaluate internal audit's frankness and candour with the committee	√		
Evaluate internal audit's handling of difficult or contentious issues		√	
Evaluate the usual level of preparation for audit committee meetings demonstrated by internal audit.	√		
Evaluate the quality of internal audit reports and papers tabled with the audit committee. Consider their relevance and clarity.	√		
Evaluate the strength of internal audit's process to monitor the status of open matters/ recommendation		√	

### Comments

The Committee needs to develop a strategy for more effective monitoring of the implementation of audit recommendations and be able to demonstrate the success and/added value of internal audit as a result.

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### Performance

Assess the quality of the internal audit plan in terms of:	Strong	Adequate	Needs improvement
Comprehensiveness, clarity and timeliness;		√	
Coverage of priority and high risk areas;		√	
Focus on testing of the control framework.	√		
What was your assessment of the scope of the internal audit as outlined in the plan?		√	
	<b>Yes</b>	<b>No</b>	
Was it clear from its reporting to the committee that internal audit:			
<ul style="list-style-type: none"> <li>Delivered the services outlined in the plan;</li> </ul>			√
<ul style="list-style-type: none"> <li>Were in accordance with the agreed timetable?</li> </ul>			√
Is there evidence of effective coordination of internal audit work and other assurance providers?	√		
Are success measures used for evaluation the performance of the internal audit function?			√
Does the internal audit function offer adequate career progression opportunities for its employees?	?		

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Are there sufficient performance based reward mechanisms to motivate internal audit employees?	?	
Do you consider that internal audit has added value to the organisation?	√	

	<b>Strong</b>	<b>Adequate</b>	<b>Needs improvement</b>
How would you assess the committee's confidence in internal audit?		√	
How would you assess internal audit's overall performance?		√	

### Overall Comments

We think the plan should be S.M.A.R.T.E.R - if it was we suspect that PI's would reflect the success or areas for development