

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	23 July 2014
3.	Title:	Internal Audit Strategy and Internal Audit Charter
4.	Directorate:	Environment and Development Services

5. Summary

This report presents the Internal Audit Charter that has been produced in compliance with the requirement of the United Kingdom Public Sector Internal Audit Standards that replaced the CIPFA Code of Practice for Internal Audit 2006.

The Internal Audit Strategy has been reviewed in conjunction with the production of the Internal Audit Charter.

This report enables the Director of Audit and Asset Management and the Audit Committee to satisfy their respective responsibility for presentation and approval of the Charter and Strategy documents, which are by their nature lengthy and detailed documents.

6. Recommendations

The Audit Committee is asked to:

- **Support the Internal Audit Strategy attached at Appendix A.**
- **Support the Internal Audit Charter attached at Appendix B.**

7. Proposals and Details

7.1 Background to the UKPSIAS - Common Standards for Public Sector

The Institute of Internal Auditors (IIA) International Standards have been adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Standard Setter in respect of local government, and by all the Relevant Internal Audit Standard Setters (RIASS), so that for the first time a common set of Standards have been produced that apply to the public sector across the UK: the United Kingdom Public Sector Internal Audit Standards (UKPSIAS, also PSIAS, or 'the Standards').

7.2 Mandatory Requirements

On 1st April 2013, the CIPFA Code of Practice for Internal Audit 2006 was replaced by the UKPSIAS that set down the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF).

Whilst in most respects the PSIAS are substantially in line with the previous CIPFA Code of Practice for Internal Audit 2006, there are differing requirements:

- to draw up an Internal Audit Charter;
- to formally review and report on compliance with the standards.

7.3 The Internal Audit Charter

The UKPSIAS sets out certain terms which require definition and application within Rotherham Council and its Internal Audit Service. In particular:

- 'Chief audit executive' is Director of Audit and Asset Management;
- 'Board' is the Audit Committee;
- 'Senior management' is the Chief Executive, the Strategic Directors and the Directors.

The Internal Audit Charter complies with the UKPSIAS requirements and requires no significant changes to actual working practices.

The Internal Audit Charter is subject to periodic review for presentation to senior management and the Audit Committee for approval.

7.4 Compliance with the Standards

The UKPSIAS require an annual internal review and a five year external review of Internal Audit compliance with the Standards, to be reported to the Audit Committee – the results of these reviews will be reported to the Audit Committee in due course.

8. Finance

There are no direct financial implications arising from this report. The budget for the Internal Audit function is contained within the budget for Environment and Development Services.

9. Risks and Uncertainties

Failure to deliver an effective internal audit would significantly weaken the Council's internal control arrangements and increase the risk of erroneous and/or irregular activities.

10. Policy and Performance Agenda Implications

Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives.

11. Background Papers and Consultation

United Kingdom Public Sector Internal Audit Standards

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Appendices

- **Appendix A - Internal Audit Strategy.**
- **Appendix B - Internal Audit Charter.**

Appendix A

Rotherham Council Internal Audit Strategy

1. Introduction

This document sets out the overall strategy for the Council's internal audit service.

2. Identifying the Key Drivers of Internal Audit Activity

The work of the internal audit team responds to a number of needs, some of a statutory nature, and some arising from within the council itself.

At Rotherham the Audit Plan recognises work types as follows:

2.1 Mandatory Work

Mandatory work is work required to comply with statutory requirements and the mandatory requirements in the PSIAS.

Examples of this type of work are as follows: Corporate Systems; Directorate Systems; ICT Audit; Anti-Fraud and Corruption Work; Schools Audit.

2.2 Other 'Must Do' Work

'Must Do' work is work required to comply with professional guidance such as the non-mandatory guidance of the PSIAS and CIPFA including professional ethics and the concept of 'best practice', Council policy, and external requirement to comply with government requirements and professional audit national initiatives.

Examples of this type of work are as follows: Grants; National Fraud Initiative.

2.3 Follow-up Work, 'Responsive' Work and Risk-related Work

This work includes assessing the Council's arrangements for the management of significant risk, responding to internal requirement to carry out investigations and give advice, and work to follow-up on the implementation of recommendations.

2.4 Work for External Bodies

There is also some work arising that does not fall into these headings such as income earning work for external bodies such as audit work for academy schools.

3. Meeting the Needs of the Main Service Drivers

3.1 Proper Financial Administration

Section 151 of the 1972 Local Government Act sets out corporate responsibilities for proper financial administration and the requirement to provide assurance and support to the appointed Section 151 Officer. The work of the internal audit function supports the appointed S151 officer (at Rotherham this is the Director of Finance) in this as the internal audit function assists managers to administer the Council's finances in a sound manner related to the associated risks, and it provides information

and assurance to the Director of Finance on the extent of proper administration.

3.2 Adequate and Effective Internal Audit

The Accounts and Audit (England) Regulations 2011 requires the Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control.

3.3 Compliance with the UKPSIAS

There is a requirement to meet the service scope and standards set out in the United Kingdom Public Sector Internal Audit Standards (UKPSIAS) which came into force on the 1st April 2013.

The UKPSIAS provides a new definition of Internal Audit:

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

This definition encourages a collaborative style of audit review which focuses on evaluating and improving the effectiveness of risk, control and governance and therefore goes beyond basic compliance. The Internal Audit Service continues to face a challenging agenda to deliver the services the Authority requires and to ensure it does so providing added value. The Service needs to be able to react and adapt to the rapid pace of change which is taking place both locally and nationally. Accordingly, the Charter has been extended to include the aspirations of the Internal Audit Service, which are to:

- understand the whole organisation, its needs and objectives;
- understand its position with respect to the organisation's other sources of assurance and plan its work accordingly;
- be seen as a catalyst for change at the heart of the organisation;
- add value and assist the organisation in achieving its objectives;
- be forward looking – knowing where the organisation wishes to be and aware of the national agenda and its impact;
- be innovative and challenging;
- help to shape the ethics and standards of the organisation;
- ensure the right resources are available, recognising that the skills mix, capacity, specialisms, qualifications and experience requirements all change constantly;
- share best practice with other auditors;
- seek opportunities for joint working with other organisations' auditors.

The UKPSIAS sets out certain terms which require definition and application within Rotherham Council and its Internal Audit Service.

For the purposes of Internal Audit activity, the term;

- ‘chief audit executive’ is Director of Audit and Asset Management;
- ‘board’ refers to the Audit Committee;
- ‘senior management’ refers to the Chief Executive, Strategic Directors and Service Directors.

3.4 Working with External Audit

The External Auditor seeks to use the work of Internal Audit to inform its risk assessment relating to audit of the Council’s Financial Statements. With internal and external audit working in a co-ordinated manner, the Council receives a more efficient, effective and economic audit.

3.5 Meeting Council Objectives

Internal Audit contributes to the achievement of the Council’s goals, targets and objectives.

3.6 Compliance with Good Practice and Council Policy

Internal Audit seeks to be more efficient and effective in service provision, in accordance with good practice and Council policy.

3.7 Meeting Internal and External Client Needs

Internal Audit seeks to meet the needs of the organisation and internal and external clients.

3.8 Maintenance of a Counter Fraud and Corruption Culture

There is a need for the Council to maintain an effective counter-fraud culture. The work of Internal Audit through testing for and preventing and detecting fraud contributes to the corporate counter fraud culture. With public sector budgets generally, and local authority budgets specifically being considerably reduced, there is an ever increasing public expectation for such monies to be spent wisely and safeguarded against fraudulent activity. Accordingly, the section’s audit plans provide for counter fraud activity.

3.9 The Council’s Anti-Fraud and Corruption Policy

– Detection/Reporting

Council Policy requires that where there is detection of fraud or corruption by employees there is a requirement for them to report any suspected cases of fraud and corruption to the appropriate manager, or if necessary, directly to the Chief Executive, Assistant Chief Executive (Legal Services) or the Director of Audit and Asset Management.

Similarly the Council’s Whistle Blowing Policy, is intended to encourage and enable employees to raise serious concerns.

The Council participates in the biennial National Fraud Initiative and detects certain types of fraud by this means.

The Council Benefits Service participates in the Department of Work and Pensions data matching exercises.

– Investigation

Depending on the nature and anticipated extent of the allegation(s), the Director of Audit and Asset Management will normally work closely with management and other agencies, such as the Police, to ensure that the allegation(s) are properly investigated and reported so that maximum recoveries are achieved.

Internal Audit provides advice and practical support to service management undertaking the investigative role.

Any allegation of fraud and corruption received is followed-up in accordance with the agreed procedures of the Anti-Fraud and Corruption Policy and Disciplinary Procedures.

The Council is also required to adhere to the provisions of the Regulation of Investigatory Powers Act and Money Laundering Legislation.

3.10 Contributing to Risk Management

Internal Audit has a contributory role in assisting in the embedding and informing of risk management across the Council.

3.11 Responsive Audit

The service will continue to strive to be responsive to clients and to add value to the organisation. It largely does this through acting as a control assurance function providing assurance to managers and to the organisation as a whole on the state of its internal control arrangements. It also adds value by pointing out inefficiencies and by supporting managers in the management of risk - this increases the overall likelihood of successful service, target and objective achievement. It also adds value through assessing the most appropriate point at which to provide support to management, e.g. in some situations in system re-design it is helpful for internal audit to be involved at the re-design stage whereas in others the support is best provided through compliance testing post implementation once the system is operational.

3.12 Advice

Internal audit staff continuously provide advice on internal control, and the management of risks, as risk and control experts. They do this when in the field on matters not part of their designated audit, or in response to direct approaches to the internal audit office by clients seeking help and support. This helps to ensure the sound and effective control of business, strategic and operational risks within the Council. This is becoming an ever increasing aspect of the work of the section. Audit plans anticipate ever increasing amounts of advice and consultancy work and specify known assignments within such plans. This trend is anticipated to continue and represents the section working to the definition of internal auditing in adding value to the organisation.

3.13 Other Work

The business of local authorities is becoming increasingly diverse, with a broader range of delivery methods, increasingly relying on partnership working. Internal Audit aims to help the Council safeguard its interests by carrying out work as appropriate where various delivery methods are employed.

– Audit of Partners/Contractors to Safeguard the Council's Interest

This is where there is a close relationship with the external body under terms of contract, such as PFI schemes and joint working with another authority such as the health service.

Example of this work is the agreement for RMBC Internal Audit to examine the books of the Council's repairs and maintenance contractor Willmott Dixon in order to safeguard the Council's financial interest.

– Audit of the External Bodies for the External Body's Interest

This is where the external body buys in internal audit service for itself – RMBC Internal Audit charges a fee for this service that provides additional income for the Council. The scope of Internal Audit's work for external bodies is primarily to provide assurance relating to the bodies' systems of internal control, although the bodies might also ask for additional consultancy work to be conducted. Where appropriate, Internal Audit might also be asked to assist in or carry out investigations into suspected irregularities.

Example of this work is internal audit work carried out for Wingfield Academy. Currently the Council's Internal Audit team carry out this work at one academy only but could be asked to carry out more of this work.

4. Joint Working with Doncaster Council

In April 2010, Doncaster and Rotherham Councils agreed a 3 year contract for the shared management of Internal Audit. Rotherham MBC provides the Director of Audit and Asset Management for Doncaster, which allows the two authorities' Internal Audit Sections to work closely together to review and develop their audit approaches and, over time, jointly deliver audit work. This will improve the efficiency of the service and provide for greater resilience where any shortage of any particular expertise might arise from time to time in either service. This arrangement has been extended for a further two year period (to March 2015) which allows for further time to evaluate and action any closer working arrangements between both authorities audit teams.

5. What This Means We Need To Do

In meeting these drivers and organisational needs, the Council's Internal Audit Service will;

- Provide an assurance on the Council's internal control system.
- Audit the main financial systems and other systems related to possible material mis-statements in the statutory financial statements.
- Deliver risk based assurance on those controls that manage significant risks.

- Fully comply with the mandatory United Kingdom Public Sector Internal Audit Standards.
- Better integrate the outcomes and other information gathered as part of the internal audit process, with the risk management processes of the Council.
- Maintain ongoing effective relationships with the External Auditor and deliver complimentary plans of work so as to deliver an efficient audit service collectively, for the Council.
- Ensure that appropriate resources and sufficient suitably experienced staff with skills to deliver the whole plan of work are maintained within the internal audit service team.
- Improve the efficiency and effectiveness of operations of the service.
- Promote good corporate governance and control practices and contribute to a good governance culture.
- Work in a positive manner alongside clients, supporting them in the effective management of risk and service delivery.
- Provide training and support to managers in the undertaking of investigations into irregularities whether they be proven or suspected.

6. How We Will Do This

6.1 Review of the Control Environment

We will deliver a comprehensive plan of work such that the key elements of the control environment, including non-financial areas are covered on a risk assessed basis. This will be evidenced through our audit plans. We will use this evidence to deliver an annual opinion on the control environment. This opinion is set out in the Annual Internal Audit Report in compliance with the Account and Audit Regulations 2011.

6.2 Review of the Main Financial Systems

We will deliver the review of controls in the Council's main financial systems.

6.3 Use of Risk-Based Auditing

We will continue to use a system of Risk-Based Auditing. This is fundamental to our ability to comply with the assurance framework requirements that must be in place to comply with professional standards. We will continue to develop our risk based approach so as to ensure it is effective in providing assurance to managers within the Council and to members. We will continue to identify and review those areas which are most significant to the control of those risks that threaten the achievement of the Council's objectives and goals.

6.5 Compliance with Mandatory Professional Internal Auditing Standards

We have developed a methodology to measure our achievement of compliance with mandatory United Kingdom Public Sector Internal Audit Standards. We will monitor ourselves against these professional standards and rectify any gaps that are within our control.

6.6 Relationship with Risk Management

We are not responsible for the management of the Council's risks; this is the responsibility of the Council's management. However we will take account of the corporate risk management processes in the way we relate to managers in the control of risks. We will endeavour to emphasise the importance of risk management to all managers in the council as part of the delivery of our service.

We recognise that through our work we are assisting managers to better understand risk management. This is an important educational/informative role that adds value to the organisation where appropriate. We will submit information through our routine audit and from all other forms of work on risks to the corporate owner of the Council's risk register as well as the relevant managers to help keep the registers up-to-date and relevant.

We shall also regularly review the Council's risk management arrangements as an integral aspect of the definition of internal auditing.

6.9 Relationship with the External Auditor

We will endeavour always to work with the External Auditor and share plans so as to deliver an effective corporate assurance service to the council. We will maintain a process of regular liaison meetings with the External Auditor.

6.10 Value for Money

We will comment on the efficient, economic and effective use of resources, where appropriate, in both our routine internal audit work and also where specifically charged with evaluating value for money/efficiency improvements.

6.11 Corporate Governance

In all we do we will seek to promote good corporate governance, including in the giving of advice and the assessment of internal controls. We will also contribute to the Council's counter fraud work through the programme of anti-fraud checks, and drafting of updated policy and strategy.

6.12 Training and Support

We will continue to provide training as required on the Council's Anti-Fraud and Corruption Arrangements and fraud awareness. We will also develop training on promoting good corporate governance and internal control as required.

7. Resources and Prioritisation

7.1 Internal Audit will endeavour to maintain an effective number of staff to undertake the required workload, supported by effective systems of operation. We will apply staff in the most effective way in accordance with their experience and skills and in accordance with the UKPSIAS.

7.2 Internal Audit's annual planning process sets out clearly the range of work it expects to do, as follows:

- Mandatory Work (fundamental systems, core controls and financial administration).
- Other 'must do' work.
- Follow-up work.

- 'Responsive' work.
- Risk related work.

7.3 The quantum of work is identified following a full assessment of risks across the Council and after taking into account other forms of assurance available to oversee and mitigate some risks identified (for example external audit work or improvement board activities).

7.4 Internal Audit prepares a plan of work each year that includes coverage in each of the five blocks of work set out above. Resources to deliver the plan of work, in terms of the level of resources and the skills required, are identified at the planning stage of the audit. Internal Audit is clear that the priority for its time is the 'mandatory work' block of work, i.e. work on the Council's fundamental systems and broader system of internal control, and this work has 'first call' on the Section's resources. Both the Director of Audit and Asset Management and the Director of Finance satisfy themselves at the start of the year that there is sufficient resource in place at least to deliver a sufficient proportion of the mandatory work to enable the Director of Audit and Asset Management to give an opinion on the Council's system of internal control at the end of the year, and to ensure some coverage in other necessary areas in accordance with the UKPSIAS.

7.5 Where there are any deficiencies arising in resources at any stage, the Director of Audit and Asset Management and Director of Finance will firstly try to provide additional audit support to the section. Where it becomes necessary to limit the amount of work it is possible for the Service to do, work for external parties, risk related work, follow up and responsive work will be reduced. It will not be acceptable at any stage to carry out insufficient 'mandatory' work.

7.6 Internal Audit annually carries out a review of the skills within the team and any development needs, linked to operational requirements. Training and development is prioritised to reflect the needs of the service and individuals. This enables the service to maintain appropriate expertise for the delivery of the audit plan and strategy and to continuously adapt to new developments.

Colin Earl,

Director of Audit and Asset Management,

July 2014.

Appendix 2

Internal Audit Charter

1. The Charter

1.1 This charter, produced in line with the United Kingdom Public Sector Internal Audit Standards, confirms the authority and responsibility conferred by the Council on its Internal Audit Section with respect to the carrying out of its agreed functions.

1.2 This charter covers the following areas relating to the nature, activity and scope of internal audit within Rotherham Council;

- Role and Objectives of Internal Audit,
- Independence,
- Authority,
- Responsibilities,
- Scope of Internal Audit Work,
- Audit Plan,
- Audit Reports,
- Audit Standards,
- Relationships,
- Ethical Standards,
- Contribution to Achieving Corporate Objectives.

2. Roles and Objectives of Internal Audit

2.1 As defined by the United Kingdom Public Sector Internal Audit Standards (UKPSIAS):

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

2.2 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the Council on the extent to which these arrangements are in place and operating properly. The Internal Audit Opinion, which informs the Annual Governance Statement, emphasises the importance of this aspect of internal audit work. The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council's objectives.

2.3 To provide optimum benefit to the Council, Internal Audit works in partnership with management to improve the control environment and assist the organisation in achieving its objectives. This partnership must operate in such a way as to ensure that legal requirements and those of the UKPSIAS are met.

2.4 Internal Audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. It also undertakes consulting services at the request of the Council, subject to there being no impact on the core assurance work and the availability of skills and resources.

2.5 The attainment of the overall objective involves:

- Reviewing and appraising risks related to the achievement of objectives and business goals, and evaluating the adequacy and effectiveness of the system of internal control related to those risks;
- Appraising the relevance, reliability and integrity of information;
- Reviewing compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on the achievement of the Council's objectives and business operations;
- Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets;
- Appraising the economy, efficiency and effectiveness with which resources are employed, and the delivery of services in a best value manner;
- Reviewing operations or projects to ascertain whether results are consistent with the Council's established objectives and goals and whether the operations or projects are being carried out as planned;
- Maintaining a program of review and assessment to enhance the integrity and usefulness of the Council's risk management processes;
- Maintaining a program of development, review and audit in relation to quality improvement and assurance methodologies;
- Assisting management in conducting special assignments and investigations into any matter or activity affecting the interests of the Council.

3. Independence

3.1 The Council's Internal Audit Services are an appraisal and advisory function having independent status within the Council.

3.2 The Director of Audit and Asset Management:

- Shall have direct access to the Leader, Chief Executive, Director of Finance, the Monitoring Officer, the External Auditor, the Chair and members of the Council's Audit Committee and any other officer or member of the Council as the Director of Audit and Asset Management shall determine;
- The Director of Audit and Asset Management has a wide range of 'head of service' responsibilities at the Council, including Property, Cleaning, ICT, Asset Management, Insurance, Risk Management, Emergency Planning

and Health and Safety. In order to address the independence issue arrangements have been put in place whereby the Chief Auditor is able to report any concerns regarding the functions managed by the Director of Audit and Asset Management to the Director of Finance.

- Shall be able to make appropriate provisions for the undertaking of an objective assessment of the resource requirements of Internal Audit Services.

4. Authority

4.1 The authority of the Director of Audit and Asset Management is derived from the Council, the Director of Finance, the Monitoring Officer and the Council's Financial Regulations.

4.2 The Director of Audit and Asset Management and Internal Audit staff have the authority to:

- Access Council records, assets, personnel and premises, including accounting records, documents, invoices, vouchers, correspondence and other data, whether held manually or electronically, the examination of which is necessary for the proper performance of internal audit duties.
- Enter any Council premises and receive prompt response, every assistance, all information and explanation from any Council employees or Council members necessary for the internal auditors to carry out their audit duties.
- Access as listed above, depending on the terms of the contract with the partner organisation, those items held by contractors/partner organisations that affect the business of Rotherham Council or its control environment.
- Monitor and follow-up on the requirement for managers to respond promptly to internal audit reports and requests for information relating to the implementation of recommendations. Responses are required within thirty working days of the date of receipt of the report and by the date requested for any other information sought.
- Report to the Audit Committee failure of managers to respond to internal audit reports and requests for information relating to the implementation of recommendations within the set time limits.

5. Responsibilities

5.1 The Director of Audit and Asset Management shall be responsible for the functional control of audit activities in relation to:

- Development, implementation and oversight of internal audit methods and procedures.
- Development and control of an effective internal audit plan including those for which there are partnership arrangements.
- Scope and boundaries of audits.
- Fulfilling the objectives of internal auditing.
- Utilising designated internal audit resources to maximise the efficiency and effectiveness of the internal audit function.

- Maintenance of the appropriate auditing standards, currently those defined by the United Kingdom Public Sector Internal Audit Standards.

5.2 It should be noted that internal audit is not responsible for the operation of control functions within the Council; these responsibilities rest with management. Internal audit should not be regarded as a substitute for good management.

6. Scope of Internal Audit Work

6.1 The scope of internal audit work shall be sufficiently comprehensive to meet the needs of management, the Council and the United Kingdom Public Sector Internal Audit Standards. Work areas for review are determined using a risk-based process based upon a risk assessment, which may be derived from the Council's Risk management arrangements.

6.2 The Director of Audit and Asset Management where appropriate, will seek to use the results of the Council's Risk management assessments to inform the scope of internal audit work to be undertaken. Where the results are not judged to be of sufficient quality or scope to allow their use, then the scope of Internal Audit work shall be based upon a risk assessment undertaken by Internal Audit itself.

6.3 The internal audit coverage will embrace the entire control environment of the Council, and will extend to all areas of the Council and its controlled entities.

6.4 Particular attention will be given to any aspects of the control environment affected by significant changes to the Council's risk environment.

7. Audit Plan

7.1 An audit plan providing for the review of significant operations of the Council, based on an assessment of risk pertaining to the achievement of Council objectives, shall be prepared for the approval of the Chief Executive and Director of Finance and the consideration of the Council's Audit Committee.

8. Audit Reports

8.1 Reports on individual audit activity will be made on a timely basis.

8.2 Reports will also be submitted to the respective Director and as appropriate to the Director of Finance and to the Audit Committee, in summary form, by the Director of Audit and Asset Management. They will report on significant findings and issues arising from the internal audit work undertaken.

8.3 The Director of Audit and Asset Management will submit an annual report to the Audit Committee timed to support the Annual Governance Statement which includes:

- An annual Internal Audit Opinion on the adequacy of the control environment.
- A summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies).
- A statement on conformance with UKPSIAS and the results of the Internal Audit Quality Assurance and Improvement Programme.

9. Audit Standards

9.1 Internal auditing standards shall be consistent with the United Kingdom Public Sector Internal Audit Standards. Compliance with these will be assessed through a 'Quality Assurance and Improvement Programme' (QAIP).

Internal Audit has documented quality control procedures which are currently subject to review as a result of the introduction of the new UKPSIAS.

The current QAIP comprises:

- A system of quality controls and the Internal Audit Manual.
- Lead auditors reviewing finished audit report files for quality compliance.
- Analysis of the results of the debrief process carried out for all audit assignments.
- Analysis of customer feedback from individual jobs.
- Feedback from directors following regular Relationship Management review meetings.
- Utilising External Audit's review of Internal Audit.
- A periodic self-assessment using the checklist provided in the Local Government Advisory Note supporting the UKPSIAS.
- A comprehensive external assessment to be carried out as a minimum every five years by a chief audit executive from another Local Authority in South Yorkshire or West Yorkshire.

10. Relationships

10.1 The internal audit function, as part of an effective process of service delivery, shall maintain good and effective working relationships with its clients and with those charged with responsibility for partner organisations.

10.2 It shall also maintain effective working relationships with the Audit Committee or its equivalent, the Chief Executive, the Director of Finance, the Monitoring Officer, the External Auditor, other inspection and agency teams, and the Council's members, management and employees.

10.3 Where the Council has partnership arrangements, the Director of Audit and Asset Management will ensure that there is effective and efficient control environment which takes account of the governance, risk and control framework of the partner body, and that the risks associated with such an arrangement are subject to internal audit review. Suitable protocols will be set in place where these safeguard the Council's interests for effective internal audit.

10.4 Where there are incidents of fraud, the Director of Audit and Asset Management will advise or intervene as appropriate in ensuring that there is suitable involvement with the Police or other agencies and will seek to maintain effective working relationship with them. This will include, where appropriate, the Benefits Investigation team.

11. Ethical Standards

11.1 Internal Auditors will behave at all times in accordance with the highest ethical standards and shall comply with the Council's Code of Conduct.

11.2 Where there are possible conflicts of interests in its undertaking of any individual audit or series of audits, individual auditors should bring such matters to the attention of their line manager in accordance with good practice.

11.3 Internal Auditors shall at all times fully comply with the requirement of the UKPSIAS in respect the ethical standards within it.

12. Contributions to Achieving Corporate Objectives

12.1 To provide optimum benefit to the organisation, internal audit should work in partnership with management to improve the control environment and assist the organisation in achieving its objectives. This partnership must operate in such a way as to ensure that legal requirements and those of the UKPSIAS are met.

12.2 Internal audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control. It may also undertake consulting services at the request of the organisation, subject to there being no impact on the core assurance work and the availability of skills and resources.

Colin Earl,

Director of Audit and Asset Management,

July 2014.