



cw audit services

**Hinckley and Bosworth
Borough Council**

Strategic Internal Audit Plan 2012 - 2015
April 2012

Getting value from your service

1. Introduction

General background

This document sets out a proposed strategic plan of Internal Audit coverage for the period April 2012 to March 2015. The plan of work has been driven by the requirements of the Code of Practice for Internal Audit in Local Government in the UK (CIPFA, 2006), the Accounts & Audit Regulations (2011) and guidance relating to the Annual Governance Statement, which the work of Internal Audit supports and informs. The proposed plan supports an opinion based on an assessment of the design and operation of the internal control environment and the adequacy and effectiveness of control noted from our risk based audits carried out during the year. It follows therefore that the focus of the audit plan is critical to ensuring the right level of assurance to the Council.

The aim of the plan is to:

- **Deliver a risk focused audit programme** - through a detailed risk assessment across the organisation and at component level
- **Be proactive and forward looking** - by looking at what risks the Council faces and trying to minimise these through our work.
- **Add value** – by providing practical, value-added recommendations, in areas of significant risk, by working where relevant with other functions (e.g. risk management and anti-fraud) and trying to save resources / enhance controls where possible.
- **Provide assurance to management and the Finance, Performance and Audit Committee** - as key stakeholders, we will work closely with management and the Finance, Performance and Audit Committee with regard to your assurance needs.

Terms of Reference and Internal Audit Standards

CIPFA's Code of Practice for Internal Audit in Local Government in the UK requires us to explicitly detail our terms of reference with you. These have been developed in accordance with relevant guidance and are attached at Appendix Three.

In conducting our work as your Internal Auditors we are required to adhere to a set of standards for Internal Audit as set out in the CIPFA Code of Practice. We consider that compliance with these standards is a key element of our Internal Audit service in accordance with our contract with you, and maintain quality procedures to ensure compliance.

We believe that we have established suitable arrangements to enable us to comply with the standards. We will, however, report any instances of non-compliance should they arise, as soon as we become aware of them.

2. Developing the plan

Our plan of work is designed to support the annual Head of Internal Audit Opinion. The required basis for forming this opinion is as follows:

- An assessment of the design and operation of the overall internal control environment, governance and risk management arrangements; and
- An assessment of the adequacy and effectiveness of controls, based upon the results of our risk based audit assignments that are reported during the course of year.

It follows that an effective risk based audit plan, focusing the resource into areas of principal risk is essential.

Risk Assessment

The plan has been prepared in consultation with the Deputy Chief Executive (Corporate Direction). It has been informed by:

- A review of the risks contained within the Council's Risk Register and Annual Governance Statement.
- A series of meetings held with all the Chief Officers and other key members of the senior management team to identify key auditable areas based on an assessment of current and future issues and risks.
- Our understanding of the challenges to the Council to deliver its objectives within the current economic environment and changes in local government legislation..

On the basis of this process we have identified a number of priority areas (see section 3) and these have been scheduled for attention in the

first year of the audit plan. We have also identified a number of more strategic issues that will require audit coverage in the second and third years of the plan. The resulting Internal Audit Plan is detailed at Appendix One. We will, however, continue to review the audit plan on an ongoing basis in response to developments and initiatives. If additional risks arise or change in priority during the year the audit plan will be reconsidered with management and, subject to Audit Committee approval, amended to ensure that audit resources remain focused on the key risk areas.

Compliance with CIPFA Code of Practice regarding Internal Audit Strategy and Planning

The CIPFA Code sets out a range of requirements covering the establishment of internal audit strategy and plans.

At Appendix Two we have assessed how the plan proposed in this document addresses these areas and also where we do not feel it is appropriate to do so. The Finance, Performance and Audit Committee is specifically asked to consider these latter items to ensure that the planned internal audit coverage is in accordance with the Council's needs.

3. Linking our plan to your strategic risks

The following table sets out the proposed areas of work for the 2012/13 financial year linked through to your business objectives/risk and showing the supporting rationale for that work and a summary outline of the work to be undertaken.

Area	Rationale - Links to Objectives/Risks	Work outline
FINANCE, REVENUES, BENEFITS, IT & PROCUREMENT		
Budgetary Control	Key financial system to be covered under Managed Audit arrangements. Financial strategy and management key in time of recession.	Review of key controls to be agreed with External Auditor, to include budget setting, approval, adjustment and monitoring.
Main Accounting	Key financial system to be covered under Managed Audit arrangements.	Review of key controls to be agreed with External Auditor, to include control account reconciliations, journal entries and interfaces with other key systems.
Capital Accounting	Key financial system to be covered under Managed Audit arrangements. Implementation of a new fixed asset register system.	Review of key controls to be agreed with External Auditor, to include assurance that new asset register is set up accurately and securely.
Council Tax	Key financial system to be covered under Managed Audit arrangements. Increased risk of non-collection in a recession. Changes to Council Tax Benefit may also affect collection rates and debt levels.	Review of key controls to be agreed with External Auditor to include maintenance of property register, liability, reconciliations to valuation list, exemptions, discounts, benefits, billing and debt recovery and to highlight potential areas for improvement.
Business Rates	Key financial system to be covered under Managed Audit arrangements. Increased risk of non-collection in a recession.	Review of key controls to be agreed with External Auditor, to include maintenance of property register, liability, reconciliation to valuation list, exemptions, discounts, benefits, billing and debt recovery and to highlight potential areas for improvement.
Benefits	Key financial system to be covered under Managed Audit arrangements. Challenges faced by ongoing amendments to the benefits system.	Review of key controls to be agreed with External Auditor, to include claims processing and payment, management checking, overpayment processes etc.
Benefit Fraud Investigation	Shared service with Oadby & Wigston Borough Council. Increased risk of fraudulent activity in a recession.	Review of shared fraud investigation arrangements to ensure effectiveness.
Creditors	Key financial system to be covered under Managed Audit arrangements	Review of key controls to be agreed with External Auditor, including masterfile control, goods/service receipt, invoice certification, payment runs.
Debtors & Debt Recovery	Key financial system to be covered under Managed Audit arrangements. Likelihood of decreasing income in discretionary areas in a recession.	Review of key controls to be agreed with External Auditor to include debtor account requisitioning, pricing and debt recovery.
Treasury Management	Key financial system to be covered under Managed Audit arrangements.	Review of key controls to be agreed with External Auditor to include bank account control, borrowing and investments.
Income Management & Cash Receipting	Key financial system to be covered under Managed Audit arrangements.	Review of key controls to be agreed with External Auditor, to include arrangements to ensure completeness, accuracy and timeliness of income collection, receipting and banking.

Area	Rationale - Links to Objectives/Risks	Work outline
CORPORATE		
Corporate Governance	Importance of sound corporate governance arrangements, eg Standing Orders, Scheme of Delegation, Standards and codes of member and officer conduct etc, to the proper operation of Council functions, powers, duties, compliance with the law etc.	Review of establishment and effective operation of robust arrangements for Member Standards of Conduct following the changes under the recent Localism Act.
Risk Management	Management of risk of underpinning importance in ensuring delivery of Council objectives, complying with the law etc.	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.
Customer Services and Reception	Level of service delivery to members of the public may be disrupted by move to Hinckley Hub.	Review level and quality of services provider by the Customer Services/Reception team prior to move and post-move to ensure that standards remain high.
Anti Fraud & Corruption	Increased risk of Fraudulent activity in period of economic downturn. Government has recently released ' The Local Government Fraud Strategy'.	Review of Council's compliance against the Local Government Fraud Strategy.
Legal Services	Council is moving to an electronic case management system and needs assurance that transfer of existing files is accurate and complete and that new system is controlled and used effectively.	IT audit focussing on complete and timely transfer of files, appropriate levels of control in new system and effective use of new system.
Payroll & Expenses	Key financial system to be covered under Managed Audit arrangements	Review of key controls to be agreed with External Auditor.
HOUSING, COMMUNITY SAFETY & PARTNERSHIPS		
Allocations – Choice Based Lettings	County wide system for choice based lettings went live in April 2011. Council needs assurance that system is well controlled and effective.	Review of compliance with criteria for registering on the scheme, bidding procedure, allocations process and information management and security.
Rents	Key revenue source that needs to be covered under Managed Audit arrangements with external audit. Increased risk of rent arrears in economic downturn and impact of national changes in benefits system	Review of key controls to ensure that rent is collected intact, to be agreed with External Auditor, with specific reference to how rent arrears cases are managed and the Council's approach to dealing with forthcoming changes in the benefits system.
Tenant Scrutiny	New regulations to increase the level of tenant involvement and scrutiny.	Review the delivery of the Council's project plan to increase tenant involvement and scrutiny
Sheltered Housing	Some of the Council's sheltered housing is becoming difficult to let, or may no longer meet the needs of the Council.	Review of the viability of Council's sheltered housing schemes and options to improve condition of stock.
Warden Services	Significant changes planned to the way in which warden services are to be delivered and the funding arrangements for these services.	Review of the Council's bid process for warden schemes and effectiveness of any changes made to current control centre arrangements
PLANNING		
Town Centre Regeneration	Important function supporting Council objectives regarding economic regeneration and the town centre. The Council also provides the service to Oadby & Wigston Borough Council in partnership.	Review of the effectiveness and value for money of the service for this Council and the partnership arrangement with Oadby & Wigston.
BUSINESS, CONTRACT & STREETSCENE		
Housing Repairs	Housing repairs service has recently been brought back in-house and new processes and procedures are currently being embedded.	Review of the systems and controls being developed for the in-house housing repairs function.

Area	Rationale - Links to Objectives/Risks	Work outline
Fuel Controls	Potential for fuel to be misappropriated, or other unexplained poor consumption rates.	Review of the security and monitoring controls over fuel usage.
Contract Management (Grounds Maintenance)	Previous incidence of non-compliance to the Council's contract tendering and letting policies and procedures.	Review of the controls in place to ensure that contracts are let in accordance with approved Council policy.

4. Reporting and relationships

4.1 Reporting Lines

The Terms of Reference attached at Appendix 3 outline the reporting lines and relationships for this engagement, essentially setting out the accountability of the Chief Internal Auditor to the Chief Executive, but noting that operationally in practice this accountability is delegated to the Deputy Chief Executive (Corporate Direction). The Chief Internal Auditor also has direct right of access to the Finance, Performance and Audit Committee and the Chairman where required. This is also embodied in the Council's Financial Regulations.

Audit Reporting

Periodic and Assignment Reporting

Final reports relating to individual audit assignments will be reported to the relevant operational manager and associated executive director prior to submission to the Finance, Performance and Audit Committee. The Finance, Performance and Audit Committee will also receive a progress update at each meeting detailing progress against the plan, a summary of assignment opinions issued to date and an update in relation to the implementation of audit recommendations.

Annual Head of Internal Audit Opinion

In line with the Code of Practice requirements for Internal Audit and expected professional practice, we will issue a formal audit opinion taking account of:

- An assessment of the design and operation of the overall internal control environment, governance and risk management arrangements; and

- An assessment of the adequacy and effectiveness of controls, based upon the results of our risk based audit assignments that are reported during the course of year.

This opinion will be formally recorded in the Internal Audit Year End Report and presented to the Finance, Performance and Audit Committee. In addition to this formal opinion we will also bring to the attention of the Chief Executive and the Finance, Performance and Audit Committee any Significant Internal Control Issues that we feel should be declared in your Annual Governance Statement.

4.2 Third Party Audit Arrangements

As your Internal Auditors we are required to agree with you the arrangements for forming an appropriate opinion where either you operate key systems on behalf of other organisations, or key systems are being operated by other organisations on your behalf. We recognise that the Council operates within a number of different partnership arrangements and procures and contracts various services, however it is our current understanding that the Benefits function remains the only key system for which an appropriate audit opinion must be given to third parties (North West Leicestershire District Council and Harborough District Council) and that there are no other key systems provided by third parties for which the Council must obtain appropriate audit assurance.

4.3 Relationships with external bodies

External Audit

We will agree a protocol of joint working arrangements supported by a regular programme of update meetings with External Audit. We will

use these meetings to report on progress against our plan and as an opportunity to discuss any significant issues arising from our work.

Other Review Bodies

Where we intend to place formal reliance on the work of any other review body e.g. Audit Commission, we will undertake an appropriate audit or quality assurance exercise to ascertain the level of assurance that we can derive from that work.

Counter Fraud

You are required to carry out counter fraud activities, to ensure sound stewardship of public funds. We will liaise as necessary with your counter fraud officers, sharing relevant audit findings and identifying joint programmes of work where appropriate.

4.4 Additional Services/Ad-hoc Work

The CIPFA Code of Practice require us to define the potential role that we may have in providing ad hoc consultancy work. In providing such a service we would seek to apply the professional skills of Internal Audit through a systematic and disciplined evaluation of the policies, procedures and operations that you have put in place to ensure the achievement of your objectives. We believe that our status as Internal Auditors ensures that we can deliver such work in an independent and objective manner. We also have access to consultancy services via our strategic relationships (e.g. PwC and Deloitte).

5. Delivery and Fees

5.1 The Core Audit Team

The Audit Plan will be delivered by the following team:

Team Role	Team Member	Qual	Role
Contract Lead	Paul Dudfield	CCAB	Paul will monitor overall performance and quality of the service.
Chief Internal Auditor	Mark Watkins	CCAB	Mark will oversee delivery of the audit plan and quality assurance.
Audit Manager	Tim Ridout	CCAB	Tim will manage the audit team on an operational basis.
Principal Auditors	Anand Persaud Lynn Gouldthorp	CCAB CCAB	Principal Auditors will deliver complex reviews and supervise a team of experienced auditors in delivering the core plan.
IT Audit Manager	Shaun Grayson	QiCA	Shaun will lead on IT audit and Information Governance work.

5.2 Profiling Delivery

We will agree a programme of delivery for the audit plan with Chief Officers and report on delivery against this profile through our regular progress reports to each Finance, Performance and Audit Committee.

Mark Watkins
Chief Internal Auditor

Strategic Internal Audit Plan – 2012/2015

Area	Audit Assignment	2012/13	2013/14	2014/15
Finance, Revenues, Benefits, IT & Procurement	Budgetary Control	8	8	8
	Main Accounting	8	8	8
	Capital Accounting	7	7	7
	Council Tax	8	8	8
	Business Rates	8	8	8
	Benefits	18	18	18
	Benefit Fraud Investigation (joint review with OWBC)	8	-	-
	Creditors	8	8	8
	Debtors	8	8	8
	Treasury Management	6	6	6
	Income Management & Cash Receipting	7	7	7
	IT Audit	-	10	10
	Procurement	-	-	10
	Sub-total		94	96
Corporate	Corporate Governance (standards of conduct in yr 1)	7	7	7
	Risk Management	8	8	8
	Customer Services (reception)	8	-	-
	Anti-Fraud & Corruption	7	-	-
	Payroll & Expenses	8	8	8
	Legal Services (IT audit - case management system)	8	-	-
	Communications (mobile communication)	-	8	-
	Electoral Register	-	-	8
	Human Resources	-	-	10
Sub-total		46	31	41

Area	Audit Assignment	2012/13	2013/14	2014/15
Housing, Community Safety & Partnerships	Anti-Social Behaviour Management System	-	10	-
	Allocations – Choice Based Lettings	8	-	-
	Housing Rents	8	8	8
	Homelessness	-	-	8
	Tenant Scrutiny	8	-	-
	Sheltered Housing	8	-	-
	Warden Services	8	-	-
	Community Safety	-	8	-
	Partnerships	-	-	10
	Sub-total	40	26	26
Environmental Health	Licencing			10
	Carbon Management Plan		8	
	Sub-total	-	8	10
Planning	Town Centre Regeneration (joint review with Oadby & Wigston)	5		
	Development Control (Process Review)		10	
	Community Infrastructure Levy		9	
	Planning Control			9
	Sub-total	5	19	9
Cultural Services	Hinckley Club for Young People	-	8	-
	Leisure Centre	-	10	-
	Markets	-	-	8
	Town Centre Management	-	-	8
	Sub-total	0	18	16
Business, Contract & Streetscene	Housing Repairs	11	-	-
	Fuel Controls	7	-	-
	Car Parks	-	9	-
	Parking Enforcement	-	-	9
	Grounds Maintenance	-	9	-

Area	Audit Assignment	2012/13	2013/14	2014/15
	Street Cleansing	-	9	-
	Recycling	-	-	8
	Contract Management (Grounds Maintenance)	7		
	Sub-total	25	27	17
Follow Up	Recommendation Tracking	5	5	5
	Follow Up Reviews	10	10	10
	Sub-total	15	15	15
Management & Advice	Audit Needs Assessment, Planning & Annual Report	10	5	5
	Audit Committee/External Audit/Senior Team meetings	10	10	10
	Contract Management & ad hoc advice	10	10	10
	Sub-total	30	25	25
Totals		255	265	265

Compliance with CIPFA Code of Practice regarding Internal Audit Strategy and Planning

Ref	Adherence to the Standard	Compliant?			Comments / Evidence
		Yes	Partial	No	
7.1	Audit Strategy				Comment
7.1.1	<p>(a) is there an <i>internal audit</i> strategy for delivering the service?</p> <p>(b) Is it kept up to date with the organisation and its changing priorities?</p>	X			Yes, the Strategy is included within the Strategic Audit Plan which is updated on an annual basis and received by the Finance, Performance and Audit Committee.
7.1.2	<p>Does the strategy include:</p> <p>(a) Internal Audit objectives and outcomes?</p> <p>(b) how the head of internal audit will form and evidence his or her opinion on the control environment?</p> <p>(c) How Internal Audit's work will identify and address local and national issues and risks?</p> <p>(d) How the service will be provided, ie internally, externally or a mix of the two?</p> <p>(e) The resources and skills required to deliver the strategy?</p>	X			Yes, the Strategy is a high level statement outlining objectives, how an opinion on the control environment is reached, the role of risk assessment in identifying local and national issues, current service delivery and resourcing.
7.1.3	Has the strategy been approved by the audit committee?	X			Strategy is included within the Strategic Audit Plan which is updated on an annual basis and received by the Finance, Performance and Audit Committee.
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?	X			The Strategic Audit Plan is based on Internal Audit's assessment of risk, and the Council's Strategic Risk Register.
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?	X			The Council's corporate risk management evaluation is supplemented with a detailed Internal Audit risk assessment as part of the planning process.
7.2.1	Are stakeholders consulted on the Audit Plan?	X			Yes, the management team was consulted in preparation of the Audit Plan. The views of the Finance, Performance and Audit Committee will be taken into account in Plan review where necessary.
7.2.2	Does the Plan demonstrate a clear understanding of the organisation's functions?	X			Yes, the Strategic Audit Plan is mapped to the Council Plan objectives to demonstrate Internal Audit's contribution to assurance around achievement of these objectives.

Ref	Adherence to the Standard	Compliant?			Comments / Evidence
		Yes	Partial	No	
7.2.3	<p>Does the plan:</p> <ul style="list-style-type: none"> (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? 	X			<p>The Strategic Audit Plan details the audits to be performed in the coming financial year, with a forecast of audit coverage in the remaining two years (this forecast is revisited and updated annually). The Strategic Audit Plan outlines the assignments to be performed, and prioritises these audits for delivery. Resourcing is also covered in the Strategic Audit Plan. At present the Strategic Audit Plan provides for Assurance work. Flexibility is built into the Plan by provision of contingency resources and a recognition that the Plan is risk-based. This enables the plan of work to adapt to emerging issues as these arise.</p>
7.2.4	<p>If there is an imbalance between the resources available and resources needed to deliver the Plan, is the audit committee informed of proposed solutions?</p>	X			<p>The Plan is currently based on the premise that all key financial systems (as defined by the External Auditor) and audits classified as high priority in Internal Audit's risk assessment should be able to be achieved within the period covered by the Strategic Audit Plan. If resources were not sufficient to enable this, the Finance, Performance and Audit Committee would be informed.</p>

Ref	Adherence to the Standard	Compliant?			Comments / Evidence
		Yes	Partial	No	
7.2.4	Has the plan been approved by the audit committee?	X			The Strategic Audit Plan is accepted by the Finance, Performance and Audit Committee on an annual basis.
7.2.5	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	X			Yes, Internal Audit will provide periodic and annual reports to the Finance, Performance and Audit Committee on outturn against the Strategic Audit Plan. These reports detail any major pieces of work which have arisen and which necessitate a restating of the original Plan. The approach to audit planning (described in section 7.2.3 above) helps to facilitate flexibility in the Plan.

INTERNAL AUDIT TERMS OF REFERENCE

1. DEFINITION

Internal Audit is an independent and objective appraisal service within an organisation:

- Internal Audit primarily provides an independent and objective opinion to the Council, through the Audit Committee*, on the degree to which risk management, control and governance support the achievement of the organisation's agreed objectives. In addition, Internal Audit's findings and recommendations are beneficial to line management in the audited areas. Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the organisation.
- Internal Audit also provides an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance. The service applies the professional skills of Internal Audit through a systematic and disciplined evaluation of the policies, procedures and operations that management put in place to ensure the achievement of the organisation's objectives, and through recommendations for improvement. Such consultancy work contributes to the opinion, which Internal Audit provides on risk management, control and governance.

At Hinckley & Bosworth Borough Council this function is performed by the Finance, Performance and Audit Committee.

2. INTERNAL AUDIT TEAM

Within the parameters of the Service Level Agreement, the Head of Internal Audit is responsible for ensuring the team is adequately staffed and that there is access to the full range of knowledge, skills, qualifications and experience to deliver the Internal Audit Plan in line with CIPFA Code of Practice and other professional standards. The team will undertake regular assessments of professional competence through an on-going appraisal and development programme (i.e. Personal Development Plans and Continuing Professional Development) with training provided where necessary. Auditors also have responsibilities for applying due professional care when performing their duties.

Appointment at all levels of the team will endeavour to fulfil the four main principles of the Code of Ethics for Internal Auditors i.e. Integrity, Objectivity, Competency (i.e. professional qualifications, skills and experience) and Confidentiality.

If the Head of Internal Audit, Chief Executive, Deputy Chief Executive (Corporate Direction) or the Audit Committee consider that the level of Internal Audit resources or the terms of reference in any way limit the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver a service consistent with the definition of internal auditing, they should advise the Council accordingly.

3. RESPONSIBILITIES AND OBJECTIVES OF INTERNAL AUDIT

The Head of Internal Audit is responsible for developing and maintaining an Internal Audit Strategy for providing the Council, economically and efficiently, with objective evaluation of, and opinions on, the effectiveness of the organisation's risk management, control and governance arrangements. The Head of Internal Audit's opinion is a key element of the framework of assurance the Chief Executive needs to inform the completion of the Annual Governance Statement.

This strategy will be realised through the delivery of considered and approved annual plans. These will systematically review and evaluate risk management, control and governance which comprises the policies, procedures and operations in place to:

- Establish, and monitor the achievement of, the organisations objectives.
- Identify, assess and manage the risks to achieving the organisations objectives.
- Ensure the economical, effective and efficient use of resources.
- Ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations.
- Safeguard the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.
- Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

4. RELATIONSHIPS – CHIEF EXECUTIVE, HEAD OF FINANCE, AUDIT COMMITTEE AND COUNCIL

The Head of Internal Audit is accountable to the Chief Executive via the Deputy Chief Executive (Corporate Direction) (as s151 Officer). The Head of Internal Audit is invited to the Audit Committee and prepares reports for it in an agreed format. A summary of issues arising from Internal Audit work is reported to the Council via the Audit Committee. The Head of Internal Audit has the right of access to the Chief Executive, Deputy Chief Executive (Corporate Direction) and the Chair of the Audit Committee. Should any issue arise that cannot be resolved through negotiation, the escalation process will be that issues will firstly be raised by the Head of Internal Audit with the Deputy Chief Executive (Corporate Direction), and should a satisfactory resolution not be secured, further escalated to the Chair of the Audit Committee.

5. INDEPENDENCE

Internal Audit must be sufficiently independent of the activities, which it audits to enable auditors to perform their duties in a manner, which facilitates impartial and effective professional judgements and recommendations. Internal Auditors will have no executive responsibilities.

Individual auditors will have an impartial, unbiased attitude, characterised by integrity and an objective approach to work, and should avoid conflicts of interest. Individual auditors must declare any conflict of interest to the Director of Internal Audit. Any conflicts of interest encountered by the Director of Internal Audit must be declared to the Deputy Chief Executive (Corporate Direction).

6. REMIT

Internal Audit's planning will embrace risk management, control and governance processes of the organisation including all its operations, resources, services and responsibilities for other bodies.

7. ACCESS

Internal Audit have the right to access all records, assets, personnel and premises of the Council and, where relevant its partner organisations, in the pursuit of information necessary to fulfil its responsibilities. In any instances of conflict this will be referred for resolution to the Deputy Chief Executive (Corporate Direction), Chief Executive or Chair of Audit Committee as appropriate.

8. AUDIT OPINION

The Head of Internal Audit will present a formal annual report based on the work of Internal Audit to the Chief Executive. Interim Reports will also be presented in year. The Audit Committee will present the opinion of the overall adequacy and effectiveness of the organisations risk management, control and governance processes.

Audit Opinions in reports on specific reviews will be in a format agreed by the Head of Internal Audit.

9. QUALITY ASSURANCE

The Head of Internal Audit is responsible for developing a quality assurance programme designed to gain assurance by both internal and external review that work of Internal Audit is compliant with the professional standards and achieves its objectives. Results of this quality assurance programme will be reported to the Audit Committee in the Annual Report.

10. RELATIONSHIPS – MANAGEMENT, AND OTHER AUDITORS/REVIEW BODIES

The Head of Internal Audit will co-ordinate Internal Audit Plans and activities with line managers, external audit and other review agencies to ensure effective audit coverage is achieved and duplication of effort is minimised.

11. APPROVAL AND INTERPRETATION OF TERMS OF REFERENCE

Those Terms of Reference will be approved by the Audit Committee. In any questions of interpretation of those Terms of Reference these should be reported to the Head of Internal Audit whom using the CIPFA Code and other relevant (eg IIA) Internal Audit Standards and if necessary the Deputy Chief Executive (Corporate Direction) will feedback. Those Terms of Reference will be subject to periodic review as necessary.