

INTERNAL AUDIT PLAN, CHARTER & PROTOCOL 2020/21

Cabinet Member Finance & Democratic

Date: 19 March 2020

Agenda Item:

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Key Decision? NO

Local Ward Members If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.



AUDIT & MEMBER STANDARDS COMMITTEE

1. Executive Summary

- 1.1 To consider the 2020/21 proposed internal audit plan, charter and protocol (**Appendix 1**).

2. Recommendations

- 2.1 To approve the 2020/21 proposed internal audit plan, charter and protocol (Appendix 1).
- 2.2 To endorse in principal the proposal to extend the shared arrangements with Tamworth Borough Council (TBC) as set out within section 4 of Appendix 1 for a one year trial basis.

3. Background

- 3.1 Internal Audit 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 (Public Sector Internal Audit Standards (PSIAS)).
- 3.2 The Audit & Member Standards Committee's consideration and approval of an effective audit plan, charter and protocol is an important element in providing assurance to the organisation that arrangements are in place to provide an independent and objective opinion on the adequacy of the internal control environment.

Alternative Options

1. Alternative options are set out in section 4 of Appendix 1.

Consultation

1. Leadership team, which includes the Council's Section 151 Officer, have been consulted on the plan and proposal to extend shared arrangements on a one year trial basis. The Portfolio holder and external auditor have also been consulted.
2. TBC's Corporate Management Team have been consulted and endorsed the proposal to extend shared arrangements. TBC's Audit & Governance Committee are due to consider the proposal at their meeting on 26 March 2020.

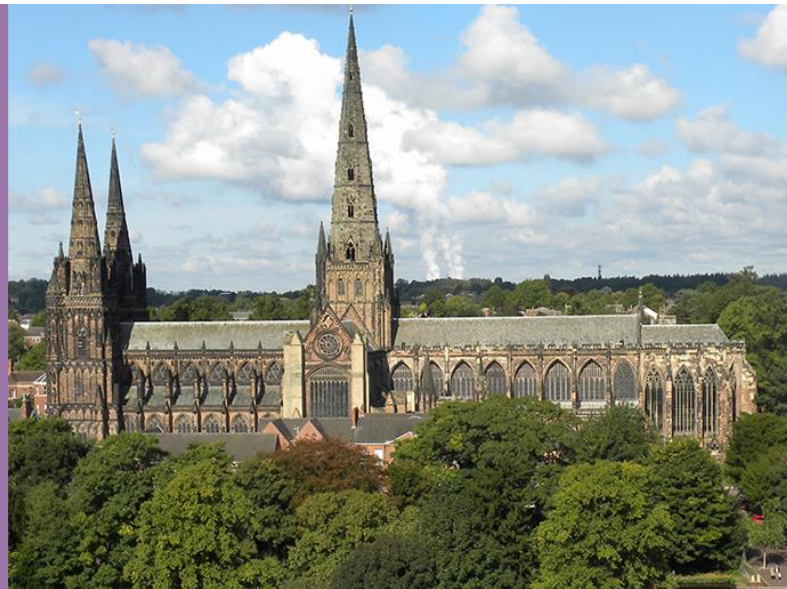
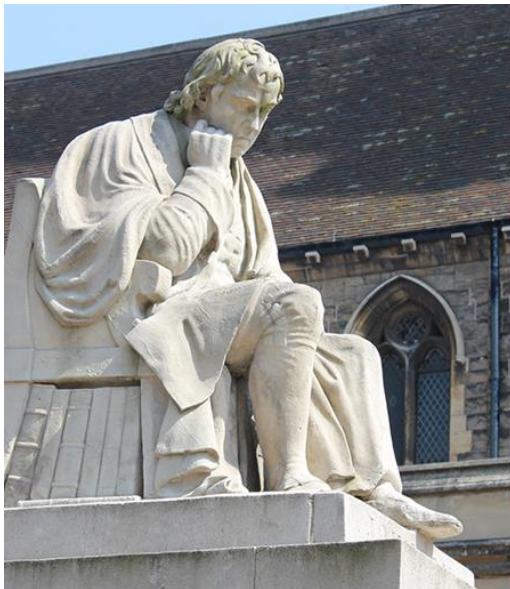
Financial Implications	<ol style="list-style-type: none"> 1. The plan is able to be delivered within budget. 2. The proposal to extend shared arrangements on a one year trial basis is estimated to save the Council between £20k-£25k.
Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. Delivery of the audit plan contributes to all aspects of the District Council's Strategic Plan 2016 -20 but most noticeably, the objective of being 'a good Council that is financially sound, transparent and accountable; responsive and customer focused'.
Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> 1. None arising
Crime & Safety Issues	<ol style="list-style-type: none"> 1. None arising
Environmental Impact	<ol style="list-style-type: none"> 1. Climate change has been included within the draft internal audit plan. This means that the Council will receive assurance against the Council's arrangements for implementing its climate change commitments.
GDPR/Privacy Impact Assessment	<ol style="list-style-type: none"> 1. None required.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Significant / high risk systems of internal control fail and go un-addressed.	The audit planning process ensures that audit resources are directed to areas of most significance / highest risk.	Green (tolerable).
B	The audit plan is unachievable.	Available resources have been considered and optimised; and there is a continuous review process in place to monitor plan delivery. Regular updates are provided to Audit & Member Standards Committee.	Green (tolerable)
C			
D			
E			

Background documents Accounts and Audit Regulations 2015 Financial Procedures Rules
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Relevant web links

Internal Audit Draft Audit Plan, Charter & Protocol 2020/21



Contents

- 01 Introduction**
- 02 Audit Planning**
- 03 Internal Audit Plan 2020/21**
- 04 Joint Working**
- 05 Charter**
- 06 Protocol**

Appendices

- 01 Detailed Plan 2020/21**
- 02 Internal Audit Charter**
- 03 Internal Audit Protocol**

If you have any questions about this report, please contact Rebecca Neill, Head of Audit rebecca.neill@lichfielddc.gov.uk

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Lichfield District Council accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

01 INTRODUCTION

BACKGROUND

This report sets out the Draft Internal Audit operational plan for Lichfield District Council (LDC) for discussion and approval by the Audit & Member Standards Committee. The purpose of this plan is to identify the work required to achieve a reasonable level of assurance to be provided by Internal Audit in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and the Audit Committee with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work in accordance with an annual operational plan as approved by the Audit Committee.

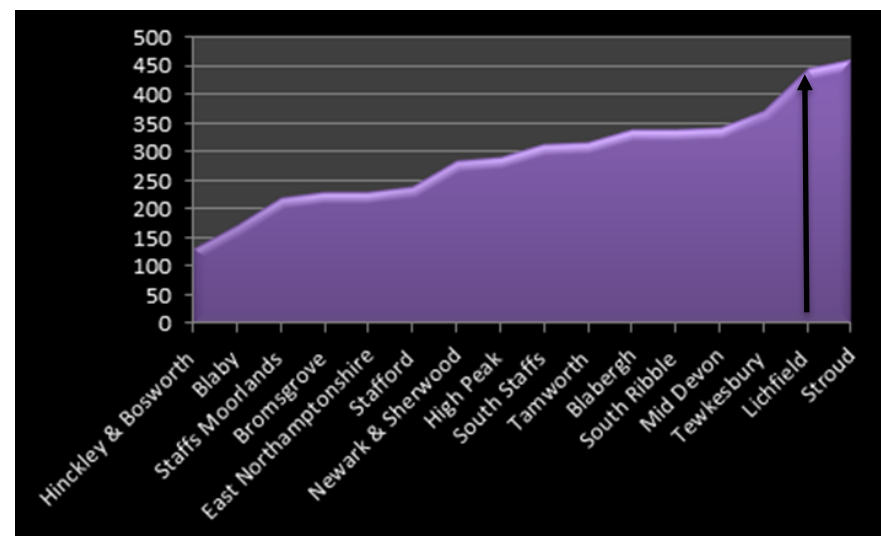
02 Audit Planning

As part of the planning for 2020/21, the proposed plan of work has been developed based on:

- **Key risks and priorities** – the plan for 2020/21 is based on an analysis of strategic and operational risks; strategic objectives; internal control and governance processes and other factors which may affect the year ahead, including any changes within the external environment and the sector.
- **Reference to previous assurance work** – a review of the outcome of previous audit and assurance work undertaken and where assurance is now required again.
- **Level of resources** – the level of resource required to deliver an assurance opinion have been reviewed via benchmarking with similar council's. This review (table 1) currently

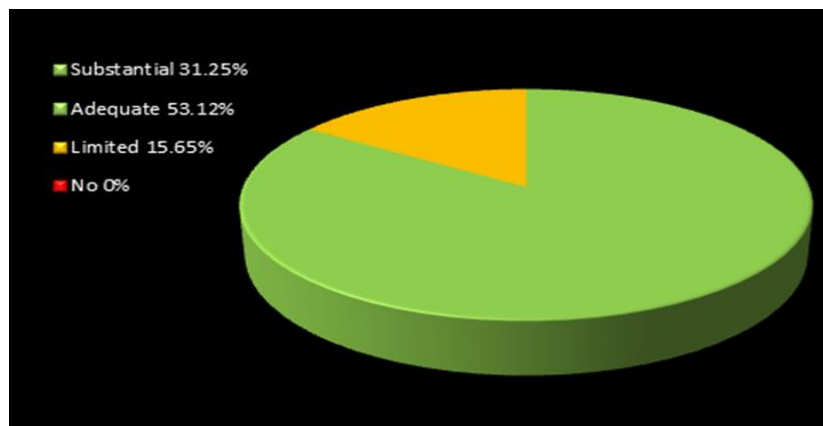
identifies the Council as a relative outlier, out-turning at 447 audit days in 2019/20 (average of the group is 296 days). All peers where information was available, were reporting either a reasonable / substantial/ satisfactory / generally sound overall assurance opinion.

Table 1: Peer Comparison 2019/20 Audit Days



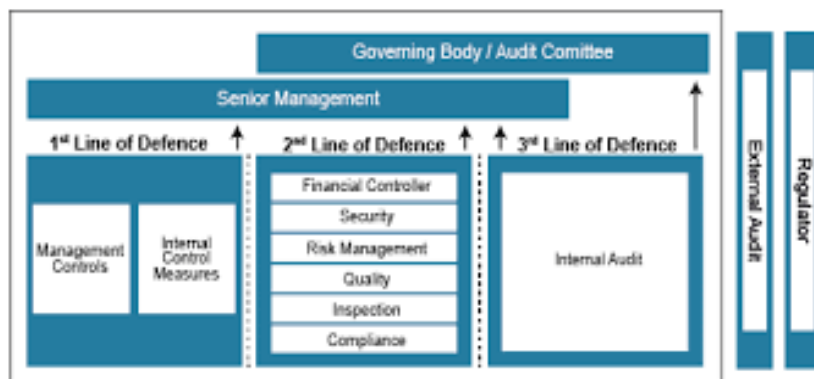
The Council's internal control environment is stable (an adequate assurance opinion has been given for the last 2 years) and the fraud / irregularity incidence and risk has been low. The 2020/21 draft plan has therefore been produced based on a level of resources that maximises effectiveness by directing audit resources to the highest risk areas and one which is competitive with peers.

Table 2: LDC's Audit Assurance 2018-2020



- **Agile approach** – our approach to the plan is one where we will respond to the changing assurance need, by having a level of contingency, enabling us to change the focus of the audits should the Council's organisational priorities or strategic risks change.

Internal audit's strategy is based upon a three lines of defence model of assurance:

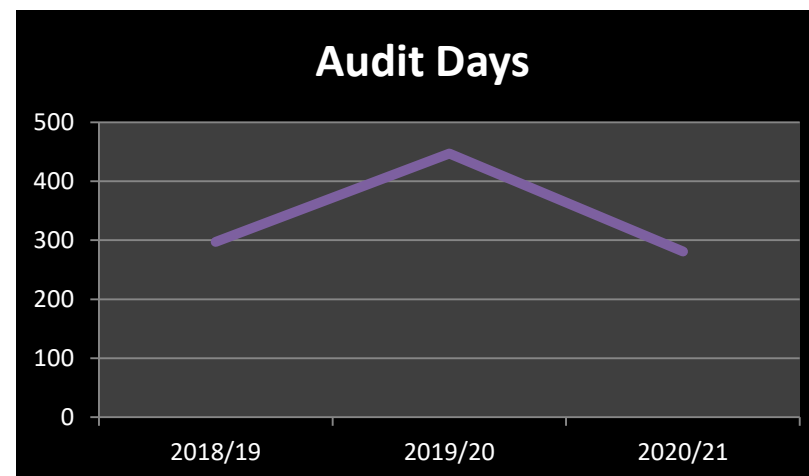


Internal Audit seeks to identify assurances provided through the first and second lines of defence and selects the most appropriate method for obtaining assurance to support the Head of Internal Audit's opinion and the Council's governance requirements.

03 Internal Audit Plan

The detailed audit plan at **Appendix 01** sets out the assurance requirement in terms of core financial systems; strategic and operational risk; ICT; governance, fraud and other assurance. The draft plan is for a total of 286 days and in particular seeks to provide assurance over areas of higher risk.

While it is noted that the overall number of days has reduced when compared to the 2019/20 plan, the 2020/21 plan is more in line with the 2018/19 plan and comparable with peers in similar organisations. A renewed focus on strategic risk and what matters most, makes the reduction possible without diluting the assurance that the Council receives from Internal Audit.



04 Joint Working

LDC and Tamworth Borough Council (TBC) currently operate under a shared agreement which shares the management of the service (the provision of TBC's Head of Audit & Governance). This is in line with the Memorandum of Understanding between both Council's which sets out each other as a preference when considering shared services.

Auditors remain separate to this agreement, operating within their legacy organisations.

The outcome of the audit planning process this year has led to a reduction in audit days at both Councils. For LDC, the reduction in audit days required has resulted in an excess of auditor resources. For TBC, they have needed to bring in auditor resources during 2019/20 due to difficulties in recruiting internal audit staff.

Under the current draft plan resource requirements, the additional days at LDC could be utilised by TBC, under an extension to the existing shared arrangement with TBC. This would have the following benefits:

- ☺ Better staff learning and development, with exposure to peer sharing of good practice.
- ☺ Synergies across both Council's in terms of audit practice.
- ☺ Greater resilience across both Councils to address demand.
- ☺ Potential cost savings to both organisations (initial figures suggest LDC could save @ £20-£25k).

The Audit & Governance Committee are requested to endorse in principal, the proposal to extend the shared arrangements to include internal audit staff while the respective audit plans are considered (TBC's Audit & Governance Committee are due to

consider their draft audit plan on 26 March 2020). This would be on a one year trial basis, with a review at the year end. Success would be measured against feedback from key stakeholders (including respective managers, leadership teams and Audit Committees) and delivery against KPI's.

TBC and LDC's leadership teams as well as the external auditor have endorsed the proposal. LDC's audit staff have been informally consulted and have indicated a willingness to undertake shared duties.

If the proof of concept is not endorsed then the options are:

- Additional audit days would need to be added to the plan (from operational, lower risk areas).
- Auditor resources within the team would need to be reviewed.

05 Charter

The refreshed charter is at **Appendix 2**. Changes, which have been highlighted, are mainly to account for the change in the audit follow up process.

06 Protocol

The refreshed protocol is at **Appendix 3**. Changes, which have been tracked, are mainly to account for the changes to assurance opinions and recommendation ratings (agreed at the last Audit & Member Standards Committee) and a refreshed suite of KPI's.

APPENDIX 01: DETAILED AUDIT PLAN 2020/21

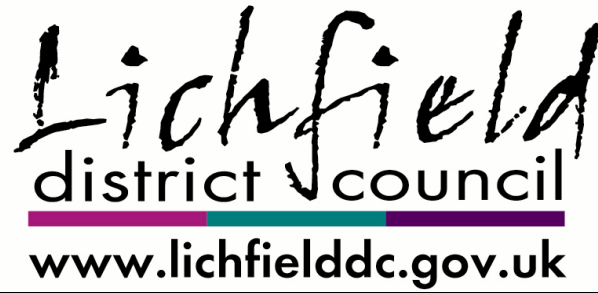
Assurance Required	Audit	Scope	Planned Days	Total Days	Proposed Quarter
Core Financial Systems	Creditors	Risk based review covering the adequacy and effectiveness of controls around creditor payments, including supplier set up / amendment, requisitioning / ordering, receipting and approvals.	10		Q4
	Capital Accounting	Risk based review of the capital accounting systems focusing on completeness, accuracy and compliance with appropriate accounting standards.	5		Q3
	Payroll	Risk based review of payroll, including adequacy and effectiveness of controls around the systems for starters, leavers, amendments, deductions, overtime and expenses.	10		Q3
	Procurement	Risk based review of procurement, including strategy, targets and testing a sample of recent material procurements to ensure compliance with contract procedure rules / OJEU etc.	10		Q2
	NNDR	Risk based review of NNDR controls, including review of taxable properties; billing; discounts, exemptions, disregards and reliefs; income is correctly accounted for and recorded; arrears are promptly and efficiently pursued; refunds and write-offs are controlled.	10		Q3
	Housing & Council Tax Benefits	Standard risk based review of housing and council tax benefit systems using CIPFA	12		Q4

Assurance Required	Audit	Scope	Planned Days	Total Days	Proposed Quarter
		control matrices. To include a review of the adequacy and effectiveness of the application of the Citizens Access System at management's request.		77	
	Capital Strategy	Risk based review of delivery of the Council's capital strategy and associated programme management delivery controls.	10		Q2
	Income Management	Risk based review of the Council's income streams and systems of internal control governing completeness and accuracy of accounting.	10		Q2
Strategic & Operational Risks	Strategic Risk Register <i>Under Review TBC</i>	Risk based review of the adequacy and effectiveness of the controls in place to mitigate the Council's strategic risks. This is to be confirmed following the production of the new strategic risk register based on the new corporate plan.	25		Q1-Q2
	Risk Management	Review of the adequacy of the Council's risk management systems.	10		Q1
	Governance & Strategy	Review of implementation of the Council's new strategic plan, focus on delivery and outcomes, golden thread into the Council's business planning processes.	10		Q3
	Climate Change	Risk based review looking at the developing plans in place to achieve the Council's commitment to becoming carbon neutral.	5		Q3
	Project Management	Review of the Council's project management arrangements at strategic and sub-strategic levels in terms of the adequacy and effectiveness of project management controls in place (e.g. application of Prince 2).	15		Q1
	Management of	Risk based review of the Council's controls in	5		Q2

Assurance Required	Audit	Scope	Planned Days	Total Days	Proposed Quarter
	Property (LA Trading Company)	place for managing property and the Council's assurance regarding the operation and risks surrounding the LA Trading Company.		80	
	Development Control (Planning)	Risk based review of systems of internal control for planning (using CIPFA control matrices), to include applications, appeals, fee management.	10		Q1
ICT	ICT Backup and Recovery	A review of how data and applications are backed up. This areas has not been previously audited in any detail.	10	20	Q2
	Office 365 Security	A review of the security configuration of Office 365 as it is used for SharePoint and Email and will also have Teams and OneDrive.	10		Q3
Governance, Fraud & Other Assurance	Pensions	Assurance statements to Staffordshire County Council	5		Q3
	Disabled Facilities Grant		5		Q1
	Housing Benefit Memorandum of Understanding	Assurance statement to enable the Chief Finance Officer sign off to DWP.	4		Q3
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	10		Q1-Q4
	Annual Audit Opinion	Production of the Annual Audit Opinion.	3		Q2
	Follow Up of Recommendations	To follow up all no and limited assurance reports and all high priority recommendations.	30		Q1-Q4
	Management and Planning	Management, planning and assurance reporting to Leadership Team and Audit & Governance Committee.	30		Q1-Q4
	Ad hoc / Consultancy /	Contingency allocation to be utilised upon	10		Q1-Q4

Assurance Required	Audit	Scope	Planned Days	Total Days	Proposed Quarter
	Contingency	agreement of the Chief Finance Officer.		109	
	Risk Management	Supporting the Council’s risk management systems.	12		Q1-Q4
				286	

APPENDIX 2



INTERNAL AUDIT CHARTER



March 2020

Revision History

Revision Date	Version Control	Summary of changes
23/12/15	1.01.01	1 st draft
06/03/17	1.01.02	Annual review
29/01/18	1.01.03	Annual review
15/02/2019	1.01.04	Annual review
12/02/2020	1.01.05	Annual review

Approvals

Name	Title	Date
Audit & Member Standards Committee	Committee Approval	
Diane Tilley	Leadership Team Approval	19.2.20
Anthony Thomas	Head of Finance & Procurement	19.2.20
Rebecca Neill	Head of Internal Audit	12.2.20

Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be available on the Intranet and the website.

CONTENTS PAGE

	Page
1 Definition of Internal Auditing	3
2 Mission Statement of Internal Audit	4
3 Purpose and Statutory requirements	4
4 Objectives	4
5 Role and Scope of Work	5
6 Proficiency and Due Professional Care	7
7 Authority	8
8 Organisation	8
9 Independence and Objectivity	8
10 Internal Audit Plan	8
11 Report and Monitoring	9
12 Quality Assurance and Improvement Programme	10

1 Definition of Internal Auditing

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 (IIA – UK & Ireland).

The internal audit service will comply with the Public Sector Internal Auditing Standards (PSIAS) as adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA). The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Definition of Internal Auditing;
- Code of Ethics; and
- International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary).

The mandatory core principles for the Professional Practice of Internal Auditing are:

- Demonstrate integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk based assurance
- Is insightful, proactive, and future-focused
- Promotes organisational improvement.

This Charter will be periodically reviewed in consultation with senior management and the board. Changes to the International Professional Practice Framework will be incorporated as and when they occur.

The following posts will be designated as shown below in order to comply with the PSIAS.

Post	Designation
Audit & Member Standards Committee	Board
Leadership Team	Senior Management
Chief Executive	Head of Paid Service
Head of Internal Audit	Chief Audit Executive

The Chief Audit Executive will report conformance to the PSIAS in the annual report to the Board.

2 Mission Statement of Internal Audit

To enhance and protect the authority's values by providing risk-based and objective assurance, advice and insight.

3 Purpose and Statutory Requirements

The internal audit activity will evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach. The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organisation;
- Ensuring effective organisational performance management and accountability;
- Communicating risk and control information to appropriate areas of the organisation; and
- Coordinating the activities of and communicating information amongst the board, external and internal auditors and management.

In addition, the other objectives of the function are to:

- Support the Head of Finance & Procurement to discharge their s151 duties of the Local Government Finance Act 1972 by maintaining an adequate and effective Internal Audit service;
- Contribute to and support the Authority's objectives of ensuring the provision of and promoting the need for, sound financial systems; and
- Investigate allegations of fraud or irregularity to help safeguard public funds.

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015 which state in respect of Internal Audit that:

"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

The work of Internal Audit forms part of the assurance framework, however, the existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

4 Objectives

The Chief Audit Executive's responsibility is to report to the Board on its assessment of the adequacy of the entire control environment.

It does this by:

- Providing assurance, which is risk based and objective and relevant (Internal Audit's primary role) to the Council and its management on the quality of the Council's operations, whether delivered internally or externally, with particular emphasis on systems of risk management, control and governance. Assurance to third parties will be provided where specific internal audit resources are allocated to the area under review (e.g. pension contributions).
- Providing consultancy services to internal and external delivered services. Consultancy services are advisory and insightful in nature and will be performed at the specific request of the organisation with the aim to improve governance, risk management and control.
- Providing counter fraud and corruption services to include investigating fraud; increasing awareness of the counter-fraud responsibilities at all levels within and outside the Council; further embedding and supporting the effective management of fraud risk within the Council; setting specific goals for improving the resilience against fraud and corruption through the support of counter-fraud activities across the Council; and minimising the likelihood and extent of loss through fraud and corruption.

5 Role and Scope of Work

The scope on internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's risk management, control and governance processes as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. This includes:

- Evaluating the reliability and integrity of management and financial information processes and the means used to identify, measure, classify, and report such information;
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation;
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Evaluating the effectiveness and efficiency with which resources are employed;
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- Evaluating the potential occurrence for fraud as part of the audit engagements;
- Monitoring and evaluating governance processes;
- Monitoring and evaluating the effectiveness of the organisation's risk management processes;

- Monitoring the degree of coordination of internal audit and external audit;
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organisation;
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan;
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters to the Board;
- Evaluating specific operations at the request of management, as appropriate;
- Support management upon the design of controls at appropriate points in the development of major change programmes.

With regard to Risk Management, internal audit will carry out individual risk based engagements to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.

Internal audit operate in an advisory capacity to:

- Report upon the level of risk maturity and scope for improvement;
- Facilitate the identification and assessment of risks;
- Coach management in responding to risks.

The CAE is responsible for:

- Developing the corporate risk management strategy in liaison with the Leadership Teams and Service Units;
- Promoting support and oversee its implementation across the Council;
- Monitoring and review the effectiveness of the risk management strategy;
- Assisting with the identification and communicate risk management issues to Units;
- Advising Corporate and Unit management teams on strategic and operational implications of risk management decisions;
- Supporting Corporate and Unit management teams in their liaison with any external partners when identifying and managing risk in joint projects.

With regard to Counter fraud activity, internal audit will carry out the following activities:

- Provide assurance on the adequacy of counter fraud arrangements
- Evaluate counter fraud reporting
- Review the implementation of the counter fraud strategy
- Evaluate preventative and detective controls
- Review control weaknesses that led to the fraud
- Review of the fraud risk assessment
- Provide support in the ethical and anti-fraud and corruption culture
- Share learning

- Champion the development of counter fraud capability
- Receive whistleblowing referrals
- Use data analytics to identify fraud
- Review of NFI matches
- Lead on a fraud and corruption risk assessment
- Develop the counter fraud and corruption strategy
- Undertake investigations

6 Proficiency and Due Professional Care

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Core Principles of the Internal Standards for the Professional Practice of Internal Auditing. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to Lichfield District Council's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

Job descriptions and person specifications for each post within Internal Audit Services define the appropriate knowledge, skills and experience and are reviewed periodically.

Personal Development Reviews will be completed in accordance with the Council's policy. Staff will be supported to fulfil training and development needs identified in order to support their continuous professional development programme.

Internal Auditors will exercise due professional care by considering the:

- Extent of work needed to achieve the engagement's objectives with detailed Terms of Reference (including consultancy engagements);
- Relative complexity, materiality or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management and control processes;
- Probability of significant errors, fraud, or non-compliance; and
- Cost of assurance in relation to potential benefits.

Where gaps exist in knowledge and skills in the formation of internal audit plans, the CAE can engage specialist providers of Internal Audit Services.

Internal Audit staff will be suitably supervised and work will be reviewed by a senior member of staff.

7 Authority

The Internal Audit service, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of Lichfield District Council's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit service in fulfilling its roles and responsibilities.

8 Organisation

The Chief Audit Executive will report functionally to the Board and administratively (i.e. day to day operations) to the Head of Finance & Procurement.

The Board will receive performance reports on the internal audit function on a quarterly basis.

9 Independence and Objectivity

The internal audit service will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or reporting content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

Regular review of the placement/location of Internal Audit team members will be completed to ensure independence, taking into account the consultancy work individual internal auditors have performed when completing assurance engagements. Internal auditors will not provide assurance in areas where they have been involved in advising management.

The internal audit service will also have free and unrestricted access to the Head of Paid Service and the Board.

The Chief Audit Executive will confirm to the Board, at least annually, the organisational independence of the internal audit activity.

10 Internal Audit Plan

At least annually, the Chief Audit Executive will submit to Senior Management and the Board an internal audit plan for review and approval.

The internal audit plan will be developed based on prioritisation of the audit universe using a risk-based methodology, which takes into account, results from previous audits, stakeholders expectations, feed back from Senior Managers, objectives in strategic plans and business plans, the risk maturity of the organisation (including managements response to risk), and legal & regulatory requirements. The use of other sources of assurance and the work required to place reliance on them will be highlighted in the audit plan.

Contingency time will be built in to the annual audit plan to allow for any unplanned work. This will be reported on in accordance with the internal reporting process to the Board.

Approval will be sought from the Board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement. The Audit Plan balances the following requirements:

- the need to ensure the Audit Plan is completed to a good practice level (currently at least 90% of planned audits required are deliverable in the year);
- the need to ensure core financial systems are adequately reviewed to provide assurance that management has in place proper arrangements for financial control;
- the need to appropriately review other strategic and operational arrangements, taking account of changes in the authority and its services and the risks requiring audit review;
- the need to have uncommitted time available to deal with unplanned issues which may need to be investigated e.g. allegations of financial or other relevant irregularities, or indeed specific consultancy. (NB there are separate guidelines over circumstances in which Internal Audit may and may not get involved in such investigations or consultancy, and further reference to this is made within the corporate Counter Fraud and Corruption Strategy and guidance);
- to enable positive timely input to assist corporate and service developments.

A joint working arrangement with External Audit will be sought such that Internal Audit resources are used as effectively as possible.

11 Reporting and Monitoring

A written report will be prepared and issued by the Chief Audit Executive following the conclusion of each internal audit engagement and will be distributed as appropriate with executive briefing reports issued in accordance with the Internal Audit Protocol.

The final internal audit report will include management's response and corrective actions in regard to the specific findings and recommendations. It will also include a timetable for anticipated completion of action to be taken.

The Internal Audit service will be responsible for following up all high priority recommendations and those arising from overall no and limited assurance reports to ensure that management have implemented them in the agreed timescales. It is management's responsibility to ensure that the agreed actions for medium and low priority actions are implemented. All outstanding recommendations will be monitored.

Results of audit follow up will be communicated as appropriate and a summary of the results will be reported to Senior Management and the Board.

Where significant risk exposures and control issues, including fraud and governance issues, are identified, they will be reported to the Board.

12 Quality Assurance and Improvement Programme

The Internal Audit activity will maintain a quality assurance and improvement programme that covers all aspects on the Internal Audit activity. The programme will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the International Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Chief Audit Executive will periodically report to the Board on the internal audit service purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.

In addition, the Chief Audit Executive will communicate to Senior Management and the Board on the internal audit service's quality assurance and improvement programme, including results of ongoing internal assessments and improvement plans and external assessments. External assessments will be conducted at least every five years by a professionally qualified and experienced assessor.

The improvement plan resulting from the internal and external assessments will be reported to and monitored by the Board.

Signed by

Chief Audit Executive (Head of Internal Audit)

Chairman of the Board (Chair of the Audit & Member Standards Committee)

APPENDIX 3



INTERNAL AUDIT PROTOCOL



March 2020

Revision History

Revision Date	Version Control	Summary of changes
23/12/15	1.01.01	1 st draft
06/03/17	1.01.02	Annual review
29/01/18	1.01.03	Annual review
15/02/2019	1.01.04	Annual review
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Approvals

Name	Title	Date
Audit & Member Standards Committee	Committee Approval	
Diane Tilley	Leadership Team Approval	19.2.20
Anthony Thomas	Head of Finance & Procurement	19.2.20
Rebecca Neill	Head of Internal Audit	12.2.20

Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be available on the Intranet and the website.

LICHFIELD DISTRICT COUNCIL

INTERNAL AUDIT PROTOCOL

TABLE OF CONTENTS

Introduction	4
Planning an Audit	4
Audit Approach	5
Interim Reports	5
Report Presentation	5
Report Content	5
Consultations	7
Finalisation of Report	8
Management Sign Off Of Report	8
Customer Satisfaction Questionnaire	9 8
Report Distribution	9
Risk Registers	10 9
Follow Up Reviews	10 9
Progress Report to the Chief Executive, S151 Officer and Audit & Member Standards Committee	11 10
Annual Report to the Audit & Member Standards Committee	12 11
APPENDIX A	14 12
Managers	14 12
Heads of Service	14 12
Chief Executive/Directors	15 13
S151 Officer	15 13
Monitoring Officer	16 13
HR Manager	16 14
External Auditor	16 14
Leader	16 14
Cabinet Members	16 14
Audit & Member Standards Committee	16 14

INTERNAL AUDIT PROTOCOL

Introduction

The purpose of this protocol is to:

- Ensure a consistent approach is adopted to undertaking audit work;
- Establish a guide for management on timescales and responsibilities for dealing with internal audit reports issued;
- Ensure a consistent approach is adopted when dealing with internal audit reports within the Authority;
- Document the way in which reports are discussed with managers and the action required when replies are not received;
- Demonstrate to the Authority's external auditors that managers deal with Internal Audit work in an appropriate manner; and
- Ensure all necessary monitoring and reporting of Internal Audit work against the Annual Audit Plan is carried out.

The responsibilities of Officers and Members mentioned in this protocol are detailed in Appendix A.

Planning an Audit

Each year an annual ~~audit plan~~ ~~Audit Work Programme~~ is produced based on a ~~an Internal Audit Risk Assessment~~ detailing the audit areas to be reviewed during the year. The ~~Audit Work Programme~~ audit plan, including timings, will be discussed and agreed with the relevant Head of Service/~~Director~~ at the commencement of the new financial year.

For each audit, a brief should be prepared, discussed and agreed with relevant manager. This will normally require discussion with the relevant Head of Service, unless otherwise instructed, to ensure attention is focussed on areas of greatest risk or concern. Managers are encouraged to raise areas of concern/additional areas with the Auditor, but cannot dictate which areas will or will not be reviewed, as this responsibility lies with the ~~Audit Manager~~ Head of Internal Audit.

The brief should establish the objectives, scope and timing of the assignment and its resource and reporting requirement and agreed with the relevant manager/~~director~~.

Where agreement cannot be reached, the ~~Audit Manager~~ Head of Internal Audit shall decide whether this should be pursued at a more senior level including raising the matter with the relevant ~~Director~~ Head of Service, the Chief Executive or the S151 Officer.

If agreement is still not forthcoming, the matter will be raised with the Audit & Member Standards Committee Chairman.

Audit Approach

Audit work should be undertaken using a risk-based audit approach.

At each stage of the audit, auditors should consider what specific work needs to be conducted and evidence gathered to support an independent and objective audit opinion.

During the course of the audit, key issues should be brought to the attention of the relevant manager to enable them to take corrective action and to avoid surprises at the reporting stage.

All audit work will be subject to an appropriate internal quality review process.

Interim Reports

Interim reports are sent at the discretion of the ~~Audit Manager~~Head of Internal Audit.

An interim report on an assignment may be sent where appropriate, for example:-

- a) where a matter arises which requires immediate action by management (e.g. serious weakness in control, evidence of fraud);
- b) where an assignment is unusually lengthy or extends over a long time period.

Any interim report made verbally to management shall be confirmed as soon as possible ~~by a written report/memo~~in writing.

Report Presentation

All assignments will be reported as a formal report with an executive summary.

Report Content

The Public Sector Internal Audit Standards (PSIAS) state that:

"The basic aims of every internal audit report should be to:

- *Give an opinion on the risk and controls of the area under review, building up to the annual audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;*
- *Prompt management to implement the agreed actions for change leading to improvement in the control environment and performance: and*
- *Provide a formal record of points arising from the audit and, where appropriate, of agreements reached with management, together with appropriate timescales."*

The final internal audit report includes the agreed ~~a~~Action plan, which details the audit recommendations, priority, management response, officer responsible and timescale for implementation.

All reports will contain a scope and objectives and the internal audit observations of the assignment, together with the overall opinion on the adequacy of the internal control environment.

For each audit carried out Internal Audit arrives at a conclusion that assesses the level of assurance that can be placed on the system of internal control being reviewed in one of four categories. The category reflects the assessment of the robustness of the internal control environment with an opinion on whether the actual controls in place are being consistently applied. The categories of assurance are detailed in the table below.

Category	Category Description
Substantial Assurance	<p>Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.</p> <p><u>There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.</u></p>
Adequate Reasonable Assurance	<p>Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively.</p> <p><u>While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.</u></p>
Limited Assurance	<p>It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.</p> <p><u>Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.</u></p>
No Assurance	<p>It is with some concern that Audit has to report no assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are not in place or are failing.</p> <p><u>Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.</u></p>

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In addition, the recommendations made in internal audit reports (action plans) have been placed into one of three categories, namely, high, medium and low. The definitions are as below:

Recommendation Priority	Definition
High	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
Medium	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
Low (Housekeeping)	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency or further reduce the organisation's exposure to risk.

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High (Red) priority recommendations will be made if one of the following criteria is met:

1. Adversely affects the Annual Governance Statement;
2. Results in significant loss of funds or assets;
3. May lead to service delivery failures which could adversely affect the Council's reputation;
4. Shows non compliance with statutory requirements, the Council's Constitution, Codes or Policies and/or any Cabinet approved initiatives;
5. Changes the effectiveness of key controls;
6. Significant opportunity exists for real gains in processing efficiency;
7. Poor cost controls or potential for significant savings and/or revenue generation;
8. Significant impact environmentally, socially or economically.

All other recommendations that do not meet the above criteria will be classed as Medium (amber) priority recommendations unless they are low risk (green). Low risk recommendations will be included as discussion points in the draft report but excluded from the final report.

In this context 'risk' may be viewed as the chance, or probability, of one or more of the Council's objectives not being met. It refers both to unwanted outcomes that might arise, and to the potential failure to realise desired outcomes.

Consultations

Findings may be discussed 'informally' with managers, during the course of the audit, where it is appropriate to do so. Although alterations to procedures may be made as a result of these discussions, the finding and recommendation will still be included in the internal audit report.

When an audit assignment has been carried out, the auditor shall draft a report showing the matters arising. Draft reports should be reviewed and their findings discussed with the ~~Audit Manager~~/Principal Auditor / Head of Internal Audit.

Following conclusion of the ~~Audit Managerial Review~~quality review, the draft report will be submitted to the relevant Head of Service and Manager of the Service.

A meeting will be arranged between the Auditor and the Manager. (The relevant Head of Service will be notified of the exit meeting date and they may attend if they so require).

The purpose of such meetings is to discuss the report, correct any factual inaccuracies and formulate a set of agreed/practical recommendations and management actions.

NB Recommendations made will not be amended unless further information has been provided which satisfies the auditor that this is appropriate.

The final decision regarding the content of the report lies with the ~~Audit Manager~~Head of Internal Audit.

The ~~a~~Action ~~p~~Plan should be updated with the results of the manager meeting (i.e. timescale for implementation, management response and officer responsible).

Any areas of disagreement between the Auditor and Management that cannot be resolved by discussion should be recorded in the action plan and the residual risk highlighted. Those areas giving rise to significant risks that are not agreed should be brought to the attention of the relevant ~~Director~~Head of Service, the Chief Executive or the S151 Officer, and if necessary with Audit & Member Standards Committee.

Finalisation of Report

The final report shall be prepared after management consultation and a final Managerial review will be undertaken.

Management Sign Off Of Report

It must be stressed that no amendments to the detail of the report will be made at this point, as it is assumed that these would have been identified at the consultation stage. The exception to this would be amendments to the management responses.

If management require any amendments to the management responses included in the audit report, then they are required to notify the Auditor within one week of the report being issued.

If no response is received within this period, it will be assumed that management are happy with the report and as such the report will be formally issued to the relevant officers and members, as per this protocol.

In circumstances where extensions to the one week requirement have been requested, individual Auditors shall keep a record to monitor responses received from management to ensure timely issue of all audit reports.

The Principal Auditor shall be informed if any reports are unduly delayed. Should this be the case, they should usually be followed up in accordance with the following timetable:

No response after 1 week	Written reminder to Manager by auditor
No response after 2 weeks	Final written reminder to Manager by the Principal Auditor / Audit Manager <u>Head of Internal Audit</u> , (copy to relevant <u>Head of Service</u> Director)

Where management responses are not forthcoming after a further week, despite reminders having been issued, the ~~Audit Manager~~ Head of Internal Audit shall decide whether this should be pursued at a more senior level including raising the matter with the relevant ~~Director~~ Head of Service, the Chief Executive or the S151 Officer.

If a response is still not forthcoming after a further week, the matter will be raised with the Audit & Member Standards Committee Chairman.

Customer Satisfaction Questionnaire

The purpose of the Customer Satisfaction Questionnaire (CSQ) is to seek the Manager's view/perceptions of the quality of audit work carried out.

~~A CSQ shall be sent by the Audit Manager to Managers for all planned audit work~~

The CSQ will be sent electronically, following the issue of the final audit report, to the Manager.

The CSQ should be completed and returned to the ~~Audit Manager~~ Principal Auditor.

The Head of Internal Audit ~~Audit Manager~~ shall review all completed CSQs received and shall arrange for any appropriate action to be taken following liaison, as necessary, with the auditor and/or manager.

Any CSQ which are not returned will be followed up and verbal feedback obtained if necessary.

Report Distribution

Reports will be distributed electronically as follows:

- the relevant Manager
- the appropriate Head of Service
- ~~the appropriate Director~~
- the Chief Executive

the S151 Officer – executive brief only unless there are financial implications or limited/no assurance, then the whole report

the appropriate Cabinet member

the Audit & Member Standards Committee

the External Auditor

The ~~Audit Manager~~Head of Internal Audit is copied into the e-mail of all final reports issued to ensure that performance information is recorded.

Where it is felt, by the ~~Audit Manager~~Head of Internal Audit, that the findings pose significant risks to the Council, the covering email to the Audit & Member Standards would indicate a potential need for Audit & Member Standards Committee involvement.

Occasionally, Internal Audit is required to undertake investigations of fraud or corruption within the Council or other work commissioned by the Chief Executive as Head of Paid Service. In these instances the distribution of reports, as detailed above will not apply. Instead, only the Chief Executive, the Monitoring Officer, the S151 Officer and the HR Manager will receive a copy of the report.

Risk Registers

Any findings/recommendations identified as 'high risk' should be added to the relevant ~~service/departmental~~ risk register. This is the responsibility of the risk register owner.

Follow Up Reviews

Follow up reviews ~~ordinarily~~ will be carried out by audit staff for all no and limited overall assurance reviews and for all high priority audit recommendations, approximately 6 months after the final audit report was issued. The purpose of this work is to establish the implementation of key recommendations ~~(high and medium risk) as per the final audit report/action plan.~~ The follow up will deal with those items expected to have been implemented in-line with proposed timescales indicated by the Auditee when the report was originally finalised.

On the basis of this work, auditors may conclude that –it is planned to provide management with a short report on the action taken since the final report was issued. It will also provide a summary of the action taken based on the following recommendations have been:

- Fully Implemented
- Partially Implemented
- Not Implemented
- On-going
- Recommendation Superseded

A monthly routine report will be produced for Heads of Service detailing the status of all outstanding audit recommendations and a summary will be reported to the

~~Audit & Member Standards Committee as part of Internal Audit's routine performance report. draft report will be issued to the Manager and Head of Service detailing the outcome of the follow up review together with an updated action plan and a revised overall audit opinion.~~

~~— If management require any amendments to the management responses included in the follow up, then they are required to notify the Auditor within one week of the report being issued.~~

~~— If no response is received within this period, it will be assumed that management are happy with the report and as such the report will be formally issued to the relevant officers and members, as per this protocol.~~

~~— In circumstances where extensions to the one week requirement have been requested, individual Auditors shall keep a record to monitor responses received from management to ensure timely issue of all follow ups.~~

~~— The Principal Auditor shall be informed if any reports are unduly delayed. Should this be the case, they should usually be followed up in accordance with the final report timetable for responses.~~

~~— Implementation review reports will be distributed as per the finalised audit reports.~~

~~Where it is found that the recommendations in overall no and limited assurance reports have not been satisfactorily implemented or there are hHigh pPriority recommendations still outstanding at the first follow up (6 months), this willmay be pursued at a more senior level including raising the matter with the relevant Head of ServiceDirector, Chief Executive or the S151 Officer, and if necessary with the Audit & Member Standards Committee. In addition these issues will be reported in the quarterly progress report of Internal Audit, which will be presented to the Audit & Member Standards Committee. A report of high risk recommendations not implemented will be reported to the Leadership Team on a quarterly basis.~~

~~Where it is found that some recommendations are outstanding, a second and final follow up review will be undertaken in 3 months time. Management will be expected to accept the risk of any outstanding recommendations at this time. Any recommendations still outstanding will be included in the quarterly progress report of Internal Audit, which will be presented to the Audit Committee.~~

Progress Report to the Chief Executive, S151 Officer and Audit & Member Standards Committee

The ~~Audit Manager~~Head of Internal Audit shall produce a progress report on the work of Internal Audit, as a whole, which will tie in with the Audit- & Member Standards Committee meeting cycle. This will be a summary of performance against annual audit plan objectives.

The purpose of the report is to highlight variations from the agreed ~~a~~Annual ~~p~~Plan and the reasons why these were necessary. It should also comment on the general level of work undertaken during the quarter together with summarised details of work of major reviews and investigations carried out.

Performance indicators shall be calculated and noted in the report. These are:

- ~~a) % of plan achieved;~~
- ~~b) % of recommendations made in audit reports that have been agreed;~~
- ~~c) % of recommendations implemented at the time of follow up;~~
- ~~d) Customer Satisfaction on Customer Satisfaction Questionnaires;~~

KPI	Description
a) Achieve the annual audit plan	90% of audits in the annual plan to be completed to draft report stage within 15 working days of the 31 March of each year.
b) Effective completion of audit work	i) 100% of draft reports are issued within 6 weeks of commencement of work. ii) 100% of closure meetings conducted within 5 days of completion of audit work. iii) 100% draft reports to be issued within 10 working days of closure meeting.
c) Recommendations implemented	i) 100% of all high priority actions are implemented at follow up. ii) All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up.
d) Customer satisfaction	Achieve an average score of 4 or more.
e) Add value	Quantify added value by actual / estimated valuations of system improvement recommendations.

Regular meetings will be held between the Chief Executive, S151 Officer and the ~~Audit Manager~~Head of Internal Audit to discuss the progress report, corporate audit matters arising and significant areas of risk.

Annual Report to the Audit & Member Standards Committee

The ~~Audit Manager~~Head of Internal Audit shall prepare a written report to those charged with governance timed to support the Annual Governance Statement.

The ~~Audit Manager~~Head of Internal Audit's Annual Report to the Audit & Member Standards Committee must: -

- a) include an opinion on the overall adequacy and effectiveness of the Council's control environment;
- b) disclose any qualifications to that opinion, together with the reasons for the qualification;
- c) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- d) draw attention to any issues the ~~Audit Manager~~Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- e) compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets; and

f) comment on compliance with the Public Sector Internal Audit Standards and communicate the results of the internal audit quality assurance programme.

A copy of the Annual Audit Report will be sent to the External Auditor and Leadership Team for information.

APPENDIX A

RESPONSIBILITIES OF OFFICERS AND MEMBERS IN RELATION TO THE INTERNAL AUDIT PROTOCOL

Managers

- Agree audit brief before any audit work commences.
- Receive draft internal audit reports from the auditor.
- Attend meeting with the auditor to discuss draft internal audit report, correct any factual inaccuracies and formulate a set of agreed/practical recommendations/management actions.
- Confirm agreement to the action plan, which details management's response and timescales for recommendations to be implemented within a week~~5 working days~~.
- Receive final internal audit report.
- Ensure recommendations are implemented in line with the agreed action plan ~~and where appropriate, updated on Pentana.~~
- Complete and return the Customer Satisfaction Questionnaire to the Principal Auditor ~~Audit Manager~~ detailing their view/perception of the quality of audit work carried out.
- Update service/departmental risk registers with high risk recommendations.
- Receive Limited and No Assurance Follow Up Review reports detailing the progress made towards implementation of recommendations made in ~~the~~ agreed action plans.

Heads of Service

- Agree audit brief before any audit work commences.
- Receive draft internal audit reports from the auditor.
- Attend meeting with the auditor and manager, if they deem it necessary, to discuss draft internal audit report, correct any factual inaccuracies and formulate a set of agreed/practical recommendations.
- Receive notification from ~~Audit Manager~~Head of Internal Audit if responses to internal audit reports are not forthcoming.
- Receive notification if an unacceptable response is received from management to internal audit reports.
- Receive notification if management have not signed off the action plan to any audit report.
- Receive final internal audit report
- Receive Follow Up Review reports detailing the progress made towards implementation of recommendations made in the agreed action plan.
- Receive notification, during the year, of any major service issues arising. Examples of such issues are those, which the ~~Audit Manager~~Head of Internal Audit considers to be significant, i.e. frauds, irregularities or fundamental problems in their service area.
- Attend annual audit meeting with ~~Audit Manager~~the Head of Internal Audit, if required. The purpose of these meetings is to discuss the audit work carried out, to ascertain client satisfaction with the audit service and maintain good relations between the service area and audit.

- To attend the Audit & Member Standards Committee where finalised audit reports are followed up and reported as being ~~reported where the assurance levels~~ limited or below, or where high priority recommendations have not been implemented in order for the Committee to ask any questions it may deem appropriate.

Chief Executive/~~Directors~~

- Receive copy of the relevant final internal audit reports.
- Receive copy of final internal audit report relating to any investigation of fraud or corruption within the Council or any work commissioned by the Chief Executive, as Head of Paid Service.
- Receive notification from ~~Audit Manager~~the Head of Internal Audit if responses to internal audit reports are not forthcoming.
- Receive notification if an unacceptable response is received from management to internal audit reports.
- Receive notification if management have not signed off the action plan to any audit report.
- Receive notification if management have failed to implement any high priority recommendations at the first follow up ~~review~~.
- Receive progress reports, which highlight variations from the agreed aAnnual plan and the reasons why these were necessary. It should also comment on the general level of work undertaken during the quarter together with summarised details of work of major reviews and investigations carried out. The report should be received within one month of the end of the quarter.
- Attend regular meetings with the ~~Audit Manager~~Head of Internal Audit.
- Receive the annual audit report.

S151 Officer

- Receive copy of final internal audit reports – executive brief only unless there are financial implications or limited/no assurance, then the whole report.
- Receive copy of final internal audit report relating to any investigation of fraud or corruption within the Council or any work commissioned by the Chief Executive, as Head of Paid Service.
- Receive notification from ~~Audit Manager~~the Head of Internal Audit if responses to internal audit reports are not forthcoming.
- Receive notification if an unacceptable response is received from management to internal audit reports.
- Receive notification if management have not signed off the action plan to any audit report.
- Receive notification if management have failed to implement any high priority recommendations at ~~the first~~ follow up ~~review~~.
- Receive progress reports, which highlight variations from the agreed aAnnual plan and the reasons why these were necessary. It should also comment on the general level of work undertaken during the quarter together with summarised details of work of major reviews and investigations carried out.
- Attend regular meetings with the ~~Audit Manager~~Head of Internal Audit.
- Receive the annual audit report.

Monitoring Officer

- Receive copy of the final internal audit report where it is felt that the findings pose significant governance risks to the Council.

HR Manager

- Receive copy of final internal audit report relating to any investigation of fraud or corruption within the Council or any work commissioned by the Chief Executive, as Head of Paid Service which involve employees.

External Auditor

- Receive individual audit reports, together with agreed action plans, throughout the year.
- Receive Limited and No Assurance Follow Up Review reports detailing the progress made towards implementation of recommendations made in the agreed action plan.
- Receive the annual audit report.

Leader

- Receive copy of the final internal audit report where it is felt that the findings pose significant risks to the Council, or where findings relate to more than one service.

Cabinet Members

- Receive copy of final internal audit reports relating to their portfolio.
- Receive Follow up Review reports detailing the progress made towards implementation of recommendations made in the agreed action plan.

Audit & Member Standards Committee

- Receive individual audit reports, together with agreed action plans, throughout the year.
- Receive Follow up Review reports detailing the progress made towards implementation of recommendations made in the agreed action plan.
- Receive notification if management do not respond to internal audit reports.
- Receive notification if an unacceptable response is received from management to internal audit reports.
- Receive notification if management have not signed off the action plan to any audit report.
- Receive notification if management have failed to implement ~~any~~ high priority recommendations at the first follow up or where a no or limited overall assurance opinion review has not been assessed as being substantial or reasonable on follow up, review and the second follow up review.
- Opportunity to request an audit report to be taken to the next appropriate Committee at which the relevant Director/designated officer would attend in order to answer any questions that may be raised.
- Opportunity to use the audit report as a catalyst to a specific piece of work to be undertaken

- Receive progress reports, based on the individual audit reports issued within the period.
- Receive the annual audit report.