

Audit Detailed Report

August 2005



Review of Internal Audit

Harrogate Borough Council

Audit 2004/2005

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Summary Report

Introduction

- 1 Internal Audit is designed to be an independent appraisal function within the Council. Its primary role is to provide an objective opinion on the adequacy and effectiveness of the organisation's internal control environment.
- 2 A full review of Internal Audit was agreed with the Council as part of our 2004/05 Audit and Inspection Plan.

Background

- 3 Since our last full review of Internal Audit, CIPFA have introduced a Code of Practice for Internal Audit in Local Government in the UK, 2003 (the Code).
- 4 The Code sets out ten standards for Internal Audit to follow and these are outlined in table 1 below.

Table 1 Internal Audit Standards for Local Government

Organisational standards		Operational standards	
1	Scope of Internal Audit	6	Audit strategy
2	Independence	7	Management of audit assignments
3	Audit committees or equivalent	8	Due professional care
4	Relationships with management, other auditors and other review bodies	9	Reporting
5	Staffing, training and development	10	Quality assurance

CIPFA, Code of Practice for Internal Audit in Local Government in the United Kingdom, CIPFA, 2003.

- 5 There have been a number of staff changes within Internal Audit that also suggests a full review of the service is timely.

Audit approach

- 6 The general objectives of the review were to ensure that Internal Audit;
 - complies with the CIPFA standards;
 - provides sufficient assurance to management on the operation of the Council's internal control framework;
 - provides work of a standard that we can then place reliance on in respect of key financial systems; and
 - provides an effective service.
- 7 The review involved an in-depth assessment of Internal Audit against each of the CIPFA standards through discussion with the Internal Audit Manager (Head of Internal Audit) and Principal Internal Auditor, a review of relevant documentation and a detailed review of three Internal Audit files.

Main conclusions

- 8 Overall, we found that Internal Audit provides an effective service that complies with the CIPFA standards as a whole. In 2005/06, the service is faced with the challenge of having to improve, or at least maintain, these standards despite both a permanent loss of staff due to the management restructure (in response to comments in the Comprehensive Performance Assessment report) and a temporary loss of staff due to maternity leave.
- 9 A summary of our assessment against the CIPFA standards is shown in the table overleaf.

Table 2 Assessment of Internal Audit against the CIPFA Standards

Standard		Standard met?	Comments
Organisational Standards			
1	Scope of Internal Audit	Yes	The Council's financial regulations require updating and closer links should be made to the Council's risk management processes.
2	Independence	Yes	Procedures have been put in place to maintain the IA Managers independence.
3	Audit committees or equivalent	Yes	Audit Committee remit recently adopted by the Overview and Scrutiny Resources Commission.
4	Relationships with management, other auditors and other review bodies	Yes	There is some scope for the Audit Commission and Internal Audit to develop the managed audit approach further.
5	Staffing, training and development	Yes	Impact of reduced resources assessed as part of the planning process for 2005/06.
Operational Standards			
6	Audit strategy	Mostly	A full audit needs assessment should be carried out when the audit strategy is next updated.
7	Management of audit assignments	Yes	Standard approach taken on each audit and standard documentation used.
8	Due professional care	Mostly	Policy on due care requires updating in light of the revised standard.
9	Reporting	Yes	A formal annual report, giving an overall opinion on the internal control environment, was submitted to the Audit Committee on 13 June 2005.
10	Quality assurance	Mostly	The Internal Audit Manual requires updating.

Detailed Report

Organisational standards

Scope of Internal Audit

- 10 The CIPFA standard states that terms of reference should be formally defined by the organisation which set out the purpose, authority and responsibility of Internal Audit.
- 11 Internal Audit's Audit Charter, setting out its terms of reference, was updated in response to the CIPFA requirements. This was approved by the Finance and Resources Cabinet Member in October 2004. The Charter describes Internal Audit's aims and objectives, authority, scope, independence, reporting arrangements, audit approach, audit resources and staff training procedures.
- 12 The Council's financial regulations set out Internal Audit's formal powers in terms of their overall objectives and rights of access. Although the Financial Regulations were updated to reflect the Accounts and Audit Regulations 2003, this was not reflected in the periodic update to the Constitution which still refers to the Accounts and Audit Regulations 1996. This will be addressed through the revised Financial Regulations and Constitution to be approved in October 2005.
- 13 The CIPFA standard states that 'the Head of Internal Audit should consider the results of the organisation's risk management processes' and 'seek to use them to inform the scope of work to be undertaken.' This suggests that there should be strong links between the Council's risk register and both Internal Audit's strategic plan and the audit programmes for individual audits.
- 14 Appendix 1 of the Audit Charter, paragraph 9, states that Internal Audit's responsibility in relation to risk management is to 'review the adequacy and effectiveness of the Authority's arrangements to identify, assess and manage risks to the achievement of the Authority's objectives.'
- 15 Internal Audit currently carries out a risk review and refers to risk registers to inform the planning for each audit, but this tends to concentrate on areas to be covered rather than risks. A more direct link to the risk register would ensure that service risks are considered and any mitigating controls reviewed. This would also help to confirm that the level of risk has not increased (this is discussed in more detail in Audit Strategy below). There are some issues for the Council to address in relation to risk management, as discussed in our Interim Audit report, which will assist Internal Audit in their planning processes, for example by making sure that risk registers are kept up-to-date.

Recommendations

R1 The Council's financial regulations, updated to refer to the Accounts and Audit Regulations 2003, should be circulated as part of the planned update of the Constitution in October 2005.

R2 Internal Audit should consider the risks identified in the Council's risk register both at the strategic and individual assignment planning stage. Mitigating controls should be tested on a cyclical basis dependent on the risk identified.

Independence

- 16 It is important for Internal Audit to be sufficiently independent of the activities it audits so that auditors are able to perform their duties in an impartial manner. The Code specifies that 'internal auditors should have no operational responsibilities'.
- 17 In the 2003/04 interim audit memorandum, we raised concerns in relation to the Internal Audit Manager's independence. Procedures have been included in the Audit Charter to try to ensure that the IA Manager's independence is not compromised, especially in regard to his involvement in tasks that are not directly related to the role of the Head of Internal Audit.
- 18 Whilst these procedures appear to be robust, it is expected that the IA Manager will be taking a more active role in day to day management and the audits carried out during a significant period of 2005/06. The IA Manager needs to be careful that his independence is not compromised, and at the same time, sufficient resources exist to ensure that the work specified in the audit plan can be completed.
- 19 The CIPFA standard emphasises the importance of the Head of Internal Audit having sufficient status within the Council. The standard suggests that this means that the Head of Internal Audit should not report to or be managed by a lower level in the Council than CMT. This has been met by the Council in that the IA Manager reports directly to the Director of Resources in relation to audit matters, although line management is carried out by the Head of Financial Management.

Recommendation

R3 The IA Manager needs to take action at an early stage to ensure his independence is not compromised during the period he is more actively involved in the day to day work done by Internal Audit.

Audit committees or equivalent

- 20 CIPFA's Code of Practice for Internal Audit outlines the principles of an Audit Committee, or other equivalent committee, that ensures that internal control arrangements are in place and that Internal Audit can use to report to those charged with governance. The role of an Audit Committee has been added to the terms of reference of the Council's Resources Overview and Scrutiny Commission and this covers the elements as specified by the CIPFA standard.
- 21 The IA Manager attends the Resources Overview and Scrutiny Commission twice yearly to present a report outlining Internal Audit themes and issues. The formal annual report will be presented to this committee under their Audit Committee remit. Outside of this set reporting structure, the IA Manager can report directly to the Chief Executive, Monitoring Officer or Cabinet Members as specified by the Audit Charter and financial regulations.
- 22 The Resources Overview and Scrutiny Commission met as an Audit Committee for the first time in June 2005. The reporting arrangements between the IA manager and Audit Committee will develop over time. The Audit Commission has provided a 'good practice' checklist for audit committees for the Audit Committee to consider when developing its role.

Relationships with management, other auditors and other review bodies

- 23 In order to ensure the most effective use of resources and minimise duplication of effort, Internal Audit should coordinate its plans and activities with Service Managers, External Audit, inspection bodies, and other review agencies.
- 24 The annual plan was developed by the Internal Audit Manager, in close consultation with the Director of Resources. For each individual audit, an audit programme is agreed with the 'client' that sets out the date of commencement, budgeted time, background, objectives and scope. This programme does not set out an approximate timetable for the audit and expected completion date (although a time plan is usually included as part of Internal Audit's planning notes for the assignment). This could be particularly useful where audit might cause disruption to the day-to-day running of the service.
- 25 The IA Manager holds quarterly meetings with the Director of Resources, six monthly meetings with the Chief Executive, and quarterly meetings with External Audit. This helps to ensure that plans can be co-ordinated properly and any areas of joint working agreed.

- 26 In 2004/05, Internal Audit introduced a new strategy for their work on the general ledger and budgetary control system, whereby control testing has been split across two years. As there have been no major changes to the system, this was introduced to enable a greater degree of testing than previously, whilst still covering the whole system over two years. In 2004/05, we undertook additional audit work to give assurance for our key controls in respect of control account reconciliations, ledger being in balance, feeder controls, budget coverage, budget assumptions, monitoring of income and expenditure, prompt monitoring, and virements. For future years, the IA and External Audit managers plan to discuss respective coverage at the audit planning stage to further develop the 'managed audit' approach.
- 27 The Cabinet Member responsible for Internal Audit takes a keen interest in their activities and regularly visits the section to discuss progress.

Recommendations

R4 The Audit programmes for individual audit assignments should include a proposed timetable for the work. This would help service managers to plan their work around the audit visit, ensure relevant staff are available, etc.

R5 The IA Manager should discuss the managed audit approach with the External Auditor to ensure Internal Audit's work is sufficient to provide the level of assurance needed on the ledger and budgetary control systems and to agree any proposed sharing of the work at an early stage.

Staffing, training and development

- 28 The CIPFA standard suggests that Internal Audit should have a team at the Council that contains staff at appropriate grades, and with relevant experience and qualifications. In response to this, Internal Audit has seven members of staff. They are the IA Manager, the Audit Services Manager, a Principal Internal Auditor, two Auditors, an Assistant Auditor and an Audit Assistant. Staff appraisals are used to identify training needs and appropriate professional training is being provided where necessary.
- 29 In 2004/05, the level of staffing was sufficient to meet the number of hours identified as required by the audit plan.
- 30 The Council has recently carried out a management restructure. This has resulted in the transfer of the Audit Services Manager to the Corporate Policy and Improvement Department. Although the Internal Audit post is not expected to be replaced, this is considered manageable as the majority of the work carried out by this post is also transferring to the new department.
- 31 In 2005/06, Internal Audit will lose their Principal Auditor for approximately six months due to maternity leave. In order to minimise disruption and provide continuity within Internal Audit, the IA Manager will cover the role over this period. An additional resource is being brought in to undertake some of the IA Manager's consultancy work to help free up his time. The impact of the reduced resources has been addressed as part of the planning process for 2005/06, and will continue to be monitored throughout the year.

Operational standards

Audit strategy

- 32 Internal Audit have a four year strategic plan that considers the total resources available, the audits required and then allocates the available resources to those audits. A risk-assessment exercise was carried out to determine the frequency of coverage in the strategic plan, based on an assessment of the internal control framework using past audit information and the significance of the areas income or expenditure.
- 33 The Director of Resources expects Internal Audit to cover all significant financial systems in their audit plan each year. It is, however, important that the Internal Audit Manager has the freedom to manage the resources in relation to these audits according to a risk-based approach.
- 34 The strategic plan is supported by the Audit Charter, which sets out how the service will be provided and how it will 'contribute to the review of the organisation's corporate governance arrangements, risk management processes and key internal control systems' in accordance with the CIPFA standard.
- 35 The strategic plan has then been translated into an annual plan and specific resources have been allocated to each area of work.
- 36 Both the strategic and annual plan have been limited to the resources currently available in the section, rather than as the CIPFA standard suggests, through determining what work is required through a risk-based approach and then the resources and skills required to deliver that plan. This risk-based approach should take all know information into account, eg from risk registers, findings from previous years, discussions with department heads, systems with inherent risk of fraud, new systems etc. It will then require refreshing on an annual basis. Internal Audit is expected to cover all significant financial systems as a priority. With the recent introduction, or planned introduction, of a number of new systems, such as e-payments, ledger, performance management, and e-procurement, a full audit needs assessment will be undertaken soon and the available resources should be directed to the higher priority areas.
- 37 Although the Audit Charter refers to Internal Audits role in reporting on any fraud and corruption it identifies, neither the strategic or annual plans allocate specific resources to anti-fraud work. Anti-fraud and corruption issues are considered as part of the planning process for each audit, and Internal Audit has been active in considering any allegations of fraud or corruption made within the Council. Identifying specific time within the plan could, however, serve to highlight this important aspect of Internal Audit's work and perhaps allow scope for specific proactive fraud probes within the Council.

Recommendations

- R6 In light of the introduction of a number of new systems within the Council, Internal Audit should carry out a full audit needs assessment. Initially, this should be done without regard to constraints such as time or resources. System coverage should then be prioritised based on risk.*
- R7 The Internal Audit Manager should ensure that a risk-based approach is taken to all audit planning and resourcing.*
- R8 Internal Audit should consider identifying resources for anti-fraud and corruption work within both their strategic and annual audit plans.*

Management of audit assignments

- 38 The CIPFA standard states that Internal Audit should prepare a brief for each assignment that is discussed and agreed with the relevant service manager. Objectives, scope, timing, resource and reporting requirements should all be determined in this brief. If an audit assignment is intended to provide an opinion, a risk based systematic approach should be undertaken. Standards should be set for internal audit documentation and working papers and procedures should be in place to ensure that these standards are maintained. Management action and the implementation of recommendations arising from audit assignments should be subject to appropriate follow-up procedures.
- 39 In response to this, Internal Audit prepares an audit programme that is approved by the IA Manager and agreed with the Client Manager. Reporting arrangements are not specified on this programme, but are outlined in the Audit Charter and follow a well-known and established process within the Council. Standard documentation is included on each file and criteria have been established for determining types of opinions and the priority of recommendations given. A six-monthly follow-up of recommendations is undertaken.
- 40 A sample of three Internal Audit assignments showed that typically, Internal Audit use standard CIPFA ICQ/SBA matrices to evaluate and test controls. The agreed scope of the work determines which elements of the matrices are undertaken. An internal planning memo is used to consider the key risks and sample sizes.
- 41 The CIPFA standard states that 'relevant evidence' should be obtained. In relation to both the sundry debtors and refuse collection audits, it was noted that the samples taken did not cover a 12 month period. This is important to ensure that seasonal or other biasing factors are avoided in the testing that then contributes towards providing the audit opinion.
- 42 The time taken by auditors, both chargeable and non-chargeable is monitored using the APACE system. All timesheets are authorised on a weekly basis by the IA Manager and Principal Internal Auditor.

Recommendation

- R9 Wherever appropriate, Internal Audit should try to ensure that samples are taken over a 12 month period.*

Due professional care

- 43 The CIPFA standard defines due professional care as 'the care and skill that prudent and competent auditors will apply in performing their duties'. It is the responsibility of individual auditors and the Head of Internal Audit should have developed procedures to ensure that due professional care is achieved.
- 44 The Internal Audit Manual (February 2003) contains a section outlining key points in relation to due care. This needs updating to refer explicitly to the revised Code, and in accordance with the standard should also state that auditors;
- use reasonable care in obtaining sufficient and reliable evidence;
 - are alert to wrongdoing, errors, omissions, etc;
 - have sufficient knowledge to be able to identify fraud and corruption indicators;
 - disclose all material facts known to them; and
 - disclose in reports any non-compliance with the CIPFA standards.

Recommendation

R10 The Section on due care in the Internal Audit Manual should be updated to include the areas relating to individual auditor conduct in the CIPFA standard.

Reporting

- 45 Subject to the provisions of the CIPFA standards and the requirements of those charged with governance, the Head of Internal Audit should set clear procedures for the way in which work is reported. This will include standards in relation to agreeing the content and format of reports, prioritisation of recommendations, and arrangements for the review and approval of the reports by audit management prior to issue.
- 46 Internal Audit produce a number of reports as follows.
- Individual audit reports for assignments undertaken as part of the audit plan.
 - Quarterly monitoring reports to the Director of Resources.
 - Six monthly progress reports to the Chief Executive.
 - Twice yearly reports to the Council Resources Overview and Scrutiny Commission.
 - Annual management letters to each department.
 - Annual report to CMT.
- 47 There is an appendix in the Audit Charter that sets out Internal Audit's reporting arrangements. Internal Audit raise issues of substance with Officers at the time they arise during audits and there is a ten day response deadline for feedback on draft reports.

- 48 Although reports for individual audit assignments appear to have been issued in a timely manner in relation to the files we reviewed in detail, there is no set timescale for issuing draft and final reports once fieldwork has been completed. Setting such a timescale would help to ensure that issues are raised promptly with officers and could act as a practical measure of Internal Audit performance.
- 49 The quarterly reports to the Director of Resources concentrate on the position in terms of time budgeted, time spent to date, progress against the audit plan in terms of audits complete (final report issued), in progress, at draft report stage, or yet to be started. This information could also be provided to the Audit Committee along with a summary of significant issues arising.
- 50 The CIPFA standard states that Internal Audit should present a formal annual report to the Council which includes:
- an opinion on the overall adequacy and effectiveness of the internal control environment;
 - any qualifications to that opinion and the reasons for them;
 - a summary of work undertaken, and any reliance placed on work by other assurance bodies;
 - drawing attention to issues that Internal Audit consider relevant to preparation of the statement of internal control;
 - a comparison of the annual plan to the work actually undertaken and a summary the performance of Internal Audit against relevant performance measures; and
 - a comment on compliance with these standards and the results of any Internal Audit Quality Assurance undertaken.
- 51 The IA Manager acknowledged, in his report to CMT in November 2004, the need in the revised CIPFA Code for him to produce an annual report on the internal control environment. An annual report was presented to the Audit Committee at their first meeting in June 2005. In addition, each department is currently issued with an annual management letter. The IA Manager, in liaison with the Executive Director, Corporate Policy and Improvement, needs to consider how the results from these and his overall knowledge of the Council's control environment can be brought together to link to the Council's Statement on Internal Control (SIC).

Recommendations
<i>R11 Internal Audit should consider introducing a target timescale for issuing both draft and final reports. This could then be used to monitor the performance of the service.</i>
<i>R12 Quarterly reports to the Director of Resources could also be provided to the Audit Committee.</i>
<i>R13 The IA Manager needs to consider how he can give an evidence-based opinion on the overall adequacy and effectiveness of the Council's internal control environment. This should be given in a formal annual report and contain the elements specified by the CIPFA standard.</i>

Quality assurance

- 52** The standard states that Internal Audit should develop a quality assurance programme that provides assurance that their work is compliant with the CIPFA standards and achieves its objectives. A local audit manual should be produced which contains appropriate standards, policies and procedures to guide Internal Audit staff.
- 53** As Internal Audit provision is through an Internal Council department, it is difficult for them to gain assurance from both an internal and external review of their work against the standards as suggested by CIPFA. Nevertheless, Internal Audit have a number of measures that together form a quality assurance process for their work, as follows.
- An Internal Audit Manual is in place that sets out standards, policies and procedures.
 - All work performed by internal auditors is reviewed by either the IA Manager or Principal Internal Auditor to ensure it is of an appropriate quality.
 - Questionnaires are sent to audit clients within the Council every six months to obtain feedback on the performance of Internal Audit and any areas where improvements could be made.
 - The CIPFA Audit benchmarking club is used to compare Internal Audit to other sections at other shire districts through quarterly monitoring reports.
 - The staff appraisal process is used to monitor and develop the performance of the Internal Audit team.
- 54** The Internal Audit Manual was produced in February 2003 and makes reference to the previous standards for internal audit. It therefore needs to be updated and consideration should be given to adopting the CIPFA model internal audit manual which is available to all IA staff.

- 55 The results of the questionnaires are collated by Internal Audit and reported back to the Departments. Given that the CIPFA standards suggest that the Head of Internal Audit should report on the results of quality assurance to the Audit Committee, these results should also be summarised and reported to the Council's Resources Overview and Scrutiny Commission when they act in this role. Key results from the benchmarking club could also be reported to show performance in a wider context.

Recommendations

R14 The Internal Audit Manual should be updated to reflect the new CIPFA Code of Practice for Internal Audit. Good practice suggests that it should be based on the CIPFA model Internal Audit manual.

R15 Key results from internal questionnaires and the CIPFA benchmarking club should be reported to the Audit Committee.

Appendix 1 – Action Plan

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R1 The Council's financial regulations, updated to refer to the Accounts and Audit Regulations 2003, should be circulated as part of the planned update of the Constitution in October 2005.	1	Internal Audit Manager	Yes	Will be done as part of revised Financial Regulations and Constitution in October 2005.	October 2005.
8	R2 Internal Audit should consider the risks identified in the Council's risk register both at the strategic and individual assignment planning stage. Mitigating controls should be tested on a cyclical basis dependent on the risk identified.	3	IA Manager	Yes	In hand, IA already use output from risk registers as part of developing strategic and annual plans as appropriate.	2005/06

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R3 The IA Manager needs to take action at an early stage to ensure his independence is not compromised during the period he is more actively involved in the day-to-day work done by Internal Audit.	3	IA Manager	Yes	Already in hand following previous recommendations.	Ongoing.
10	R4 The Audit programmes for individual audit assignments should include a proposed timetable for the work. This would help service managers to plan their work around the audit visit, ensure relevant staff are available, etc.	1	IA Manager and IA staff.	Yes	Already done. To evidence on file.	2005/06.

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
10	R5 The IA Manager should discuss the managed audit approach with the External Auditor to ensure Internal Audits work is sufficient to provide the level of assurance needed on the ledger and budgetary control systems and to agree any proposed sharing of the work at an early stage.	3	IA Manager and AC Audit Manager	Yes	Both parties to take responsibility for early discussion of audit plans and planned audit coverage to progress the managed audit approach further.	January 2006.

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
12	R6 In light of the introduction of a number of new systems within the Council, Internal Audit should carry out a full audit needs assessment. Initially this should be done without regard to constraints such as time or resources. System coverage should then be prioritised based on risk.	2	IA Manager	Yes	Agreed in principle although unlikely to be in a position to increase IA resources. Issue is that full risk audit assessment is undertaken and resources allocated according to priority.	March 2006
12	R7 The Internal Audit Manager should ensure that a risk-based approach is taken to all audit planning and resourcing.	3	IA Manager.	Yes	This is in place already. See recommendation above too.	March 2006.

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
12	R8 Internal Audit should consider identifying resources for anti-fraud and corruption work within both their strategic and annual audit plans.	3	IA Manager	Yes	Agreed in line with recommendations above. IA Manager is in the process of identifying further resources for anti-fraud and corruption work in consultation with the Director of Resources.	March 2006.
12	R9 Wherever appropriate, Internal Audit should try to ensure that samples are taken over a 12 month period.	3	IA Manager.	Yes.	Where practicable and necessary.	Ongoing.
13	R10 The Section on due care in the Internal Audit Manual should be updated to include the areas relating to individual auditor conduct in the CIPFA standard.	2	IA Manager	Yes	Agreed, although the substance of the standard is already met.	2005/06.

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
15	R11 Internal Audit should consider introducing a target timescale for issuing both draft and final reports. This could then be used to monitor the performance of the service.	1	IA Manager	Yes	Agreed. Clients are already given a target of ten days to respond to draft reports, and the timing of the issue of final reports is dependent on this target being met.	2005/06.
15	R12 Quarterly reports to the Director of Resources could also be provided to the Audit Committee.	3	IA Manager	Yes	Agreed in principle subject to the requirements of the Audit Committee.	March 2006.

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
15	R13 The IA Manager needs to consider how he can give an evidence-based opinion on the overall adequacy and effectiveness of the Council's internal control environment. This should be given in a formal annual report and contain the elements specified by the CIPFA standard.	3	IA Manager	Yes	In hand. Report to audit committee in June 2005. To consider timing and relationship with Statement on Internal Control in liaison with the Executive Director, Corporate Policy and Improvement.	

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
16	R14 The Internal Audit Manual should be updated to reflect the new CIPFA Code of Practice for Internal Audit. Good practice suggests that it should be based on the CIPFA model internal audit manual.	2	IA Manager.	Yes	IA already identified as a task to complete.	March 2006.
16	R15 Key results from internal questionnaires and the CIPFA benchmarking club should be reported to the Audit Committee.	2	IA Manager	Yes	Agreed in principle subject to the requirements of the Audit Committee.	March 2006.