

**Internal Audit Effectiveness Checklist – Self Assessment Compliance with the CIPFA Code of Practice 2006 – Central Durham Crematorium Joint Committee – As At 31 March 2011**

1	Scope of Internal Audit				
1.1	Terms of Reference	Y	P	N	Comments/Areas for Improvement
1.1.1	<p>Do Terms of Reference:</p> <p>a) Establish the responsibilities and objectives of IA?</p> <p>b) Establish the organisational independence of IA</p> <p>c) establish the accountability, reporting lines and relationships between the H of IA and:</p> <ul style="list-style-type: none"> <li>o with those charged with governance?</li> <li>o those parties to whom the H of IA may report?</li> </ul> <p>d) Recognise that IA's remit extends to the entire control environment of the organisation?</p> <p>e) Identify IA's contribution to the review of the effectiveness of the control environment?</p> <p>f) Require and enable the H of IA to deliver an annual audit opinion?</p> <p>g) define the role of IA in any fraud-related or consultancy work (see also 1.3.2)</p> <p>h) Explain how IA's resource requirements will be assessed?</p> <p>i) Establish IA's right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>			<p>This has been addressed during 2010 with the development of an internal Charter which has been specifically tailored to meet the requirements of the Joint Committee and has been presented to the Joint Committees for approval.(see below) as previously there were no formal terms of reference in place.</p>
1.1.2	Does the H of IA advise the organisation on the content and the need for subsequent review of the terms of reference?	√			The new Internal Audit Charter refers to it being reviewed annually
1.1.3	Have the terms of reference been formally approved by the organisation?	√			The new Internal Audit Charter for the Central Durham Crematorium Joint Committee was approved on the 29 <sup>th</sup> September 2010.
1.1.4	Are terms of reference regularly reviewed?	√			The new Internal Audit Charter will be reviewed on an annual basis and will be submitted to the Joint Committee for approval. The outcome of this review will be presented at the September 2011 Joint Committee meeting

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<b>1</b>	<b>Scope of Internal Audit</b>				
<b>1.2</b>	<b>Scope of work</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
1.2.1	Are the organisations assurance, risk management and monitoring mechanisms taken into account when determining IA's work and where effort should be concentrated?	√			The scope of Internal audits work has previously been agreed directly with the Crematorium Superintendent, on an ad hoc basis, In 2010/11 this was formalised in a Service Level Agreement (SLA). This SLA will be reviewed as apart of the 2011/2012 Audit Plan.
1.2.2	Where services are provided in partnership has the H of IA identified:  How assurance will be sought?  Agreed access rights, where appropriate?	√			This has been addressed during 2010/11 within the Audit Charter and the SLA
<b>1.3</b>	<b>Other work</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
1.3.1	Where IA undertakes consultancy and/or fraud and corruption work, does it have the skills, and resources to do this?	√			Skills and any development needs will be addressed through the PDP process. Internal audit will only undertake work where it is considered that they have the necessary skills and can add value.
1.3.2	Do the terms of reference define IA's role in:  Fraud and corruption?  Consultancy work?	√ √			These are defined within the Audit Charter
<b>1.4</b>	<b>Fraud &amp; Corruption</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
1.4.1	Has the H of IA made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	√			The Central Durham Crematorium Joint Committee has adhered to DCCs financial regulations, standing orders and other policies and procedures on an informal basis. Arrangements are now set out in the Counter Fraud Strategy which is adopted by the Joint Committee under the terms of the Audit Charter
<b>2</b>	<b>Independence</b>				
<b>2.1</b>	<b>Principles of Independence</b>	<b>Y</b>	<b>P</b>	<b>N</b>	

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2.1.1	Is IA: a) Independent of all activities it audits? b) Free from non-audit (operational) duties?	√ √			
2.1.2	Where IA staff have been consulted during system, policy or procedure development, are they precluded from reviewing and making comments during routine or future audits?	√			The structure of the service allows adequate flexibility to ensure independence is not compromised
<b>2.2</b>	<b>Organisational Independence</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
2.2.1	Does the status of IA allow it to demonstrate independence?	√			Defined in Audit Charter
2.2.2	Does the H of IA have direct access to: Officers? Members?	√ √			Defined in Audit Charter
2.2.3	Does the H of IA have to report in his or her own name to Members and officers?		√		The Head of Internal Audit does report in her own name and will submit an audit opinion on the control environment to the Joint Committee on an annual basis. The 2010/2011 Annual Report and Audit Opinion will be presented to the Joint Committee on 29 <sup>th</sup> June 2011.
2.2.4	a) Is there an assessment that the budget for IA is adequate? b) does any budget delegated to service areas ensure that: IA adherence to the code is not compromised? The scope for IA is not affected? IA can continue to provide assurance for the Annual Governance Statement	√ √ √	√		The fee for Internal Audit Services is agreed annually with the Joint Committees and is set in accordance with the level of work required in providing adequate assurance for the Annual Governance Statement.
<b>2.3</b>	<b>Status of the Head of Internal Audit</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
2.3.1	Is the H of IA managed by a member of the Corporate Management Team?	√			The Head of IA reports directly to the Joint Committee

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<b>2</b>	<b>Independence</b>				
<b>2.4</b>	<b>Independence of IA Contractors</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
2.4.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?			√	. N/A
<b>2.5</b>	<b>Declaration of Interest</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
2.5.1	Do all audit staff make formal declarations of interest?	√			
2.5.2	Does the planning process take account of the declarations of interest registered by staff?	√			
<b>3</b>	<b>Ethics for Internal Auditors</b>				
<b>3.1</b>	<b>Purpose</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
3.1.1	Does the H of IA regularly remind staff of their ethical responsibilities?	√			Last addressed formally through IA away day in January 2010 but also through completion of Job Record Documents as part of the job evaluation process. .
<b>3.2</b>	<b>Integrity</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
3.2.1	Has the IA team established an environment of trust and confidence?	√			The relationship between Audit staff and the Crematorium Superintendent and registrar is good. New reporting requirements identified under the terms of the SLA seeks to develop an environment of trust and confidence with the Joint Committee.
3.2.2	Do internal auditors demonstrate integrity in all aspects of their work?	√			Customer surveys completed at the end of each audit review provide feedback if this were not the case.
<b>3.3</b>	<b>Objectivity</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
3.3.1	Are internal auditors perceived as being objective and free from conflicts of interest?	√			
3.3.2	Is a time period set by the H of IA for staff where they do not undertake an audit in an area where they have had previous operational roles?			√	This will be considered on a one to one risk assessed basis

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<b>2</b>	<b>Independence</b>				
<b>3.3</b>	<b>Objectivity</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
3.3.3	Are staff rotated on regular/annually audited areas?	√			To ensure consistency of practice staff may be expected to cover crematorium work two years in a row, however, other staff are trained so that this work can be rotated more appropriately.
<b>3.4</b>	<b>Competence</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
3.4.1	Does the H of IA ensure that staff have sufficient knowledge of: a) The organisation's aims objectives, risks and governance arrangements? b) The purpose, risks and issues of the service area? c) The scope of each audit assignment? d) Relevant legislation and other regulatory arrangements that relate to the audit?	√ √ √ √			Close working relationships exists between IA and the Crematorium Superintendent.  Audit Managers are primarily responsible for maintaining awareness within their respective client service areas and ensuring that all teams members carry out adequate research in relation to assignments they are allocated, which will include objectives, risks, governance issues and relevant legislation and other regulatory arrangements surrounding the service under review.  The scope of each audit assignment is discussed with the Crematorium Superintendent agreed and signed off so that all risks and issues will be included as part of the review if relevant.  Where necessary, the Head of Internal Audit will arrange to buy in services should the in house team lacks sufficient knowledge in a particular area and it is not considered to be cost effective to develop those skills in house.
<b>3.5</b>	<b>Confidentiality</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
3.5.1	Do IA staff understand their obligations in respect to confidentiality?	√			Part of employee Code of Conduct and Internal Audit Charter

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<b>4</b>	<b>Audit Committees</b>				
<b>4.1</b>	<b>Purpose of the Audit Committee</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
4.1.1	Does the organisation have an independent audit committee?	√			The Joint Crematorium Committee will operate as their own assumed audit committee in future. Terms of reference will need to be strengthened to reflect this expanded role.
<b>4.2</b>	<b>Internal Audit's relationship with the Audit Committee</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
4.2.1	Is there an effective working relationship between the audit committee and IA?	√			Restricted at the moment to Committee meetings only, although the audit charter does include reference to direct access to Chair and regular meetings outside of the Committee(s) is possible if requested.
4.2.2	Does the committee approve the IA strategy and monitor progress?	√			See 1.1.3
4.2.3	Does the committee approve the annual internal audit plan and monitor progress?		√		Previously the responsibility for agreeing the work of Internal Audit was delegated to the Crematorium Superintendant and Registrar. Following the introduction of the SLA, the Joint Committee has had much more input into the level of work to be carried out and is now able to discuss and amend any proposed audit plan including allocated audit days in the future. The Annual Report and Audit Opinion will be discussed at the June 2011 meeting.
4.2.4	Does the H of IA:				
	a) Attend the committee and contribute to its agenda?	√			Only when relevant.
	b) Participate in the committee's review of its own remit and effectiveness?	√			Only if requested
	c) Ensure that the committee receives and understands documents that describe how IA will fulfil its objectives?	√			Review of Internal Audit Charter or SLA
	d) Report on outcomes of IA work to the committee?	√			)
	e) Establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa?	√			)
	f) Present the annual IA report to the committee?	√			) As part of the annual report
					)

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<b>4</b>	<b>Audit Committees</b>				
<b>4.2</b>	<b>Internal Audit's relationship with the Audit Committee</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
4.2.5	Is there the opportunity for the H of IA to meet privately with the audit committee?		√		Opportunity is always available but not yet utilised
<b>5</b>	<b>Relationships</b>				
<b>5.1</b>	<b>Principles of good relationships</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.1.1	Is there a protocol that defines the working relationship for IA with: a) Management? b) Other IA's? c) External auditors?  d) Other regulators and inspectors? e) Elected members?	√	√	√ √ √ √	Internal Audit Charter Area for development re partnership working/joint assurance Nothing formal in place – however long standing relationship via lead authority. No formal arrangements in place No formal arrangements in place
<b>5.2</b>	<b>Relationships with management</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.2.1	Does the H of IA seek to maintain effective relationships between internal auditors and managers?	√			Particularly in relation to advice and guidance on financial matters. Review and agreement of audit reports prior to submission to Committee.
5.2.2	Is the timing of audit work planned in conjunction with management?	√			Timing of audit agreed annually with the Joint Committee(s)
<b>5.3</b>	<b>Relationships with other internal auditors</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?	√			Where relevant. There are current arrangements in place with Price Waterhouse Coopers to cover additional areas where specific expertise is required. It is not however anticipated that this will be required in relation to CDCJC business
<b>5.4</b>	<b>Relationships with external auditors</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.4.1	Is it possible for IA and external audit to rely on each others work?	√			Wherever possible the work of both audit functions will complement and supplement each other.

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<b>5</b>	<b>Relationships</b>				
<b>5.4</b>	<b>Relationships with external auditors</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.4.2	Are there regular meetings between the H of IA and External Audit Manager?		√		There has been regular contact with the Audit Commission in relation to CDCJC, however following its revised classification to a 'Smaller Relevant Body' and subsequent less demanding procedural requirements as a result of the limited assurance audit regime, it is presumed that contact with the External Auditors BDO LLP may be limited to correspondence. Closer contact including meetings with BDO LLP is welcomed however if deemed appropriate
5.4.3	Are internal and external audit plans co-ordinated?		√		N/a work programmes for both rather fixed. Internal audit in respect of SLA and External audit statutory provision, although External Audit are consulted.
<b>5.5</b>	<b>Relationships with other regulators and inspectors</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.5.1	Has the H of IA sought to establish a dialog with the regulatory and inspection agencies that interact with the organisation?			√	Would be willing where this is considered relevant.
<b>5.6</b>	<b>Relationships with Elected Members</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.6.1	Do the terms of reference for IA define channels of communication with Members and describe how such relationships should operate?	√			Contained within the Internal Audit Charter
5.6.2	Does the H of IA maintain good working relationships with Members?	√			Regular reports to Joint Committees
<b>6</b>	<b>Staffing, Training and Continual Professional Development</b>				
<b>6.1</b>	<b>Staffing Internal Audit</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
6.1.1	Is IA appropriately staffed (numbers, grades, qualifications, personal attributes and experience) to achieve its objectives and comply with these standards?	√			In respect of meeting SLA requirements resources are built in to the audit plan for this. Audit will also be carried out by person(s) with appropriate qualifications and experience.
6.1.2	Does the H of IA have access to appropriate resources where the necessary skills and expertise are not available within the audit team?		√		This is unlikely to happen unless under extreme circumstances. An Internal audit framework with an external partner is being developed to address this



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6.1.3	Is the H of IA professionally qualified and experienced?	√			CIPFA qualified and IIA affiliated member.
6.1.4	Does the H of IA have wide experience of IA and management?	√			25 years audit experience, 15 at a senior level

<b>6</b>	<b>Staffing, Training and Continual Professional Development</b>				
<b>6.1</b>	<b>Staffing Internal Audit</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
6.1.5	a) Do all IA staff have up to date job descriptions? b) Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for IA staff?	√ √			Reviewed and amended in 2009/10 following LGR. Reviewed and amended further December 2010 for job evaluation purposes.
<b>6.2</b>	<b>Training and Continual Professional Development</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
6.2.1	a) Has the H of IA defined the skills and competencies for each level of auditor? b) Are individual auditors periodically assessed against these predetermined skills and competencies? c) Are training and development needs identified and included in an appropriate ongoing development programme? d) Is the development programme recorded, regularly reviewed and monitored?	√ √ √ √			Job descriptions/Personal Specifications  Quality assurance processes provide on-going assessment. More formal assessment of competencies being considered using CIPFA's "Excellent Internal Auditor " framework  Part of Corporate Performance Appraisal Process
6.2.2	Do individual auditors maintain a record of their professional training and development activities?	√			Annual returns provided for HR
<b>7</b>	<b>Audit Strategy and Planning</b>				
<b>7.1</b>	<b>Audit Strategy</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
7.1.1	a) Is there an IA strategy for delivering the service? b) Is it kept up to date with the organisation and its changing priorities?	√ √			Part of Internal Audit Charter Reviewed annually

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<b>7</b>	<b>Audit Strategy and Planning</b>				
<b>7.1</b>	<b>Audit Strategy</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
7.1.2	Does the strategy include: a) IA objectives and outcomes? b) How the H of IA will form and evidence his/her opinion on the control environment? c) How IA's work will identify and address local and national issues and risks? d) How the service will be provided, i.e. internally, externally, or a mix of both? e) The resources and skills required to deliver the strategy?	√ √ √ √ √			
7.1.3	Has the strategy been approved by the Audit Committee?	√			June 2009 by the Councils Audit Committee, not the Durham Crematorium Joint Committee. SLA and Audit Charter report does however include an overview of this strategy in terms of its impact on the CDCJC.
<b>7.2</b>	<b>Audit Planning</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
7.2.1	Is there a risk based plan that is informed by the organisation's risk management, performance management and other assurance processes?	√			Further improvements planned for 2011/12
7.2.2	Where the risk management process is not fully developed or reliable, does the H of IA undertake his/her own risk assessment process?	√			From an audit perspective within 'Galileo' and for every audit review using Control risk self assessment criteria
7.2.3	Are stakeholders consulted on the audit plan?	√			Both officers and members of the joint Committees have the opportunity to influence the work carried out. This is also explained in the audit charter and SLA.
7.2.4	Does the plan demonstrate a clear understanding of the organisations functions?	√			

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<b>7</b>	<b>Audit Strategy and Planning</b>				
<b>7.2</b>	<b>Audit Planning</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
7.2.5	Does the plan: a) Cover a fixed period of no more than one year? b) Outline the assignments to be carried out? c) Prioritise assignments? d) Estimate the resources required? e) Differentiate between assurance and other work? f) Allow a degree of flexibility?	√ √  √ √ √		√	Contained within SLA reviewed annually Where relevant Work programme agreed in SLA, although additional work could be prioritised if requested No of days agreed annually Outlined in SLA Where required
7.2.6	Is there an imbalance between the resources available and resources needed to cover the plan, is the audit committee informed of the proposed solutions?			√	N/a SLA resources would always be found to meet Internal audit obligations, unless significant additional work was required by the Joint Crematorium Committee eg Fraud
7.2.7	Has the plan been approved by the audit committee?	√			SLA agreed 24 <sup>th</sup> Sept 2010 by Central Durham Crematorium Joint Committee
7.2.8	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	√			Through regular progress reporting
<b>8</b>	<b>Undertaking Audit Work</b>				
<b>8.1</b>	<b>Planning</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
8.1.1	a) Is a brief prepared for each audit? b) Is the brief discussed and agreed with the relevant managers?	√ √			TOR prepared and agreed for each review Also use of Control risk self assessment
8.1.2	Does the brief set out: a) Objectives? b) Scope? c) Timing? d) Resources? e) Reporting requirements?	√ √ √ √ √			

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<b>8</b>	<b>Undertaking Audit Work</b>				
<b>8.2</b>	<b>Approach</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
8.2.1	Is a risk-based audit approach used?	√			
8.2.2	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	√			Covered in Internal Audit Charter
8.2.3	Does the audit approach include a quality review process for each audit?	√			All working papers and reports reviewed by Audit Managers
<b>8.3</b>	<b>Recording Audit Assignments</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
8.3.1	Has the H of IA defined a standard for audit documentation and working papers?	√			Templates used
8.3.2	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	√			Review carried out at each stage of the audit.
8.3.3	Are working papers such that an experienced auditor can easily: a) Identify the work that has been performed? b) Re-perform it if necessary? c) See how the work supports the conclusions reached?	√ √ √			.
<b>8</b>	<b>Undertaking Audit Work</b>				
<b>8.3</b>	<b>Recording Audit Assignments (contd.)</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
8.3.4	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	√			In accordance with Information Commissioner guidelines at present. Draft Retention and Disposals policy still to be approved.
8.3.5	Do all retention and access policies conform to appropriate legislation, i.e. Data Protection Act, Freedom of Information Act, etc and any organisational requirements?		√		.See above
8.3.6	Is there an access policy for audit files and records?	√			The external auditor has access to audit files and records. F & I work access is restricted to staff engaged on reviews.

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<b>9</b>	<b>Due Professional Care</b>				
<b>9.1</b>	<b>Responsibilities of the Individual Auditor</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
9.1.1	<p>Are there documents that set out the requirements on all audit staff in terms of:</p> <p>a) Being fair and not allowing prejudice or bias to override objectivity?</p> <p>b) Declaring interests that could be perceived to be conflicting or could potentially lead to conflict?</p> <p>c) Receiving and giving gifts and hospitality from employees, clients, suppliers or third parties?</p> <p>d) Using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions?</p> <p>e) Being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest?</p> <p>f) Having sufficient knowledge to identify indicators that fraud or corruption may have been committed?</p> <p>g) Disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice?</p> <p>h) Disclosing any non-compliance with these standards?</p> <p>i) Not using information they gain in the course of their duties for personal use?</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>		<p>Durham County Council's Internal Audit Charter</p> <p>Durham County Council's Internal Audit Charter/Employee Code of Conduct</p> <p>Durham County Council's Employee Code of Conduct</p> <p>Durham County Council's Internal Audit Charter, Counter Fraud Strategy</p> <p>Risk Matrices</p> <p>Durham County Council's Employee Code of Conduct</p> <p>Areas where partial response will be addressed through the development of a detailed IA Manual</p>
<b>9.2</b>	<b>Responsibilities of the Head of Internal Audit</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
9.2.1	Has the H of IA established a monitoring and review programme to ensure that due professional care is achieved and maintained?	√			Quality assurance arrangements and customer surveys
9.2.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	√			Day to day management arrangements. Confidential Reporting Code/Whistle blowing policy

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<b>10</b>	<b>Reporting</b>				
<b>10.1</b>	<b>Principles of Reporting</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.1.1	Is an opinion on the control environment and risk exposure given in each audit?	√			Internal Audit Charter
10.1.2	Has the H of IA determined the way in which IA will report?	√			Internal Audit Charter
10.1.3	Has the H of IA set out the standards for audit reporting?	√			Internal Audit Charter
10.1.4	Are there laid down timescales for reports to be issued?	√			Internal Audit Charter
<b>10.2</b>	<b>Reporting on Audit Work</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.2.1	Do the reporting standards include: a) Format of the reports?	√			Internal Audit Charter
10.2.2	b) Quality assurance of reports?	√			
10.2.3	c) The need to state the scope and purpose of the audit?	√			
	d) The requirement to give an opinion?	√			
10.2.4	e) Process for agreeing reports with the recipient?	√			
10.2.5	f) An action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales?	√			
10.2.6					
10.2.7	Does the audit reporting process include discussion and agreement of reports?	√			Internal Audit Charter
10.2.8	Has the H of IA determined a process for prioritising recommendations according to risk?	√			Internal Audit Charter
10.2.9	Are areas of disagreement recorded appropriately?	√			
10.2.10	Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention of senior management?	√			
10.2.11	Is the circulation of each report determined when preparing the audit brief?		√		Steps taken in the current year to ensure that circulation of reports and the manager with authority to agree TOR's and clear draft reports, i.e the Key contact is agreed with the relevant Manager prior to each review commencing.

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<b>10</b>	<b>Reporting</b>				
<b>10.2</b>	<b>Reporting on Audit Work</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.2.12	a) Does the reporting process include details of circulation of that particular audit report? b) Is this included in the brief for each individual audit?	√			Copy of the audit charter to be supplied to each lead officer at pre audit meeting wef from 2011/12
10.2.13	Does the H of IA have mechanisms in place to ensure that: a) Recommendations that have a wider impact are reported to the appropriate forums? b) Risk registers are updated?	√ √			All final reports and their circulation is reviewed by the H of IA  Pro-forma in use for reassessment to take place following each review and fed back to risk management (this is also relevant for any review carried out to the Central Durham Crematorium)
<b>10.3</b>	<b>Follow-up Audits and Reporting</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.3.1	Has the H of IA defined the need for and the form of any follow-up action?	√			Internal Audit Charter and quarterly report templates to Directors. Mirrored for Crematorium Joint Committees
10.3.2	Has the H of IA established appropriate escalation procedures for IA recommendations not implemented by the agreed date?	√			As above
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	√			
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	√			This will inform the work to be carried out in future years under the SLA.
<b>10.4</b>	<b>Annual Reporting and Presentation of Audit Opinion</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.4.1	Does the H of IA provide an annual report to support the Annual Governance Statement	√			In 2009/10 only the audit report relating to the annual review of the Crematorium was reported to the Joint Committee. This has been strengthened with the introduction of the SLA and an annual report will be presented at the June 29 <sup>th</sup> 2011 committee meeting

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<b>10</b>	<b>Reporting</b>				
<b>10.4</b>	<b>Annual Reporting and Presentation of Audit Opinion</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.4.2	<p>Does the H of IA's annual report:</p> <p>a) Include an opinion on the overall adequacy and effectiveness of the organisation's control environment?</p> <p>b) Disclose any qualifications to that opinion, together with the reasons for the Qualification?</p> <p>c) Present as summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies?</p> <p>d) Draw attention to any issues the H of IA judges particularly relevant to the preparation of the Annual Governance Statement?</p> <p>e) Compare the actual work undertaken with the planned work and summarise the performance of the internal audit function against its performance measures and targets?</p> <p>f) Comment on compliance with the standards of the Code?</p> <p>g) Communicate the results of the internal audit quality assurance programme?</p>		<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>√</p>	<p>Arrangements for 2010/11 as part of the SLA will be to present an annual audit report and audit opinion, review of the audit work carried out, outline any issues that may be relevant for inclusion in the Annual Governance Statement, and compare performance achieved with that planned. This has been scheduled for 29 June 2011</p> <p>Reference made to Internal Audit Charter which refers to Code of Practice. Covered in this effectiveness review</p> <p>Reference made to follow-up arrangements</p>
10.4.3	Has the H of IA made provision for interim reporting to the organisation during the year?	√			Crematorium Joint Committee will agree SLA annually, which will include reporting arrangements
<b>11</b>	<b>Performance, Quality and Effectiveness</b>				
<b>11.1</b>	<b>Principles of Performance, Quality and Effectiveness</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
11.1.1	Is there an audit manual?		√		Processes and procedures in relation to the audit management database Galileo. Full Audit Manual under development
11.1.2	<p>Does the manual provide guidance on:</p> <p>a) Carrying out day to day audit work?</p> <p>b) Complying with the Code?</p>		<p>√</p> <p>√</p>		<p>.</p> <p>As above</p>



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<b>11</b>	<b>Performance, Quality and Effectiveness</b>				
<b>11.1</b>	<b>Principles of Performance, Quality and Effectiveness</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
11.1.3	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?		√		As above
11.1.4	Does the H of IA have arrangements in place to access the performance and effectiveness of: a) Each individual audit? b) The internal audit service as a whole?	√ √			Review process, customer surveys on completion of each review  PI' s agreed and monitored
<b>11.2</b>	<b>Quality Assurance of Audit Work</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
11.2.1	Does the H of IA have processes in place to ensure that work is allocated to auditors who have the appropriate skills, experience and competence?	√			Review process, PDP's, quality test checks, Regular Management Team meetings
11.2.2	Does the H of IA have a process in place to ensure that all staff are supervised appropriately throughout all audits?	√			Management structure and review processes
11.2.3	Does the supervisory process cover: a) Monitoring process? b) Assessing quality of audit work? c) Coaching staff?	√ √ √			
<b>11.3</b>	<b>Performance and Effectiveness of the Internal Audit Service</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
11.3.1	Does the H of IA have a performance management and quality assurance programme in place?	√			Bi weekly managers meetings, monthly 1-2-1's with Audit Managers, monthly team meetings, divisional forum 3 times year, service improvement plan, training plan, review of all final audit reports, away day

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11	Performance, Quality and Effectiveness				
11.3	Performance and Effectiveness of the Internal Audit Service	Y	P	N	
11.3.2	<p>Does the performance management and quality assurance framework include as a minimum:</p> <p>a) A comprehensive set of targets to measure performance:</p> <ul style="list-style-type: none"> <li>Which are developed in consultation with appropriate parties?</li> <li>Which are included in service level agreements, where appropriate?</li> <li>Against which the H of IA measures, monitors and reports appropriately on progress?</li> </ul> <p>b) User feedback obtained for each individual audit and periodically the whole service?</p> <p>c) A periodic review of the whole service against the strategy and the achievement of its aims and objectives, the results of which are used to inform the future strategy?</p> <p>d) Internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual?</p> <p>e) An action plan to implement improvements?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>			<p>Developed in consultation with staff and approved by Audit Committee for 2010/11 SLA's with Police and Fire Authorities under review</p> <p>Assumed acceptance by Crematorium Joint Committee as these have been approved by the Council's Audit Committee.</p> <p>Post audit questionnaire, annual feedback questionnaire to be considered</p> <p>Annual review of Internal Audit Charter and periodic reviews of audit need risk assessment process</p> <p>Where documented procedures are in existence</p> <p>Operational improvement plan/SIP</p>
11.3.3	Does the H of IA compare the performance and the effectiveness of the service over time, in terms of both the achievement of targets and the quality of the service provided to the user?			✓	2009/10 first year of operation of new service. Comparisons will be made in future and against CIPFA benchmarking data Monthly reports of productive/non productive time allocated.
11.3.4	<p>Do the results of the performance management and quality assurance programme evidence that the internal audit service is:</p> <p>a) Meeting its aims and objectives?</p> <p>b) Compliant with the Code?</p> <p>c) Meeting IA quality standards?</p> <p>d) Effective, efficient, continuously improving?</p> <p>e) Adding value and assisting the organisation in achieving its objectives?</p>		<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>Performance management and quality assurance programme to be reviewed during 2010/11 to improve accountability and effectiveness of service</p>

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<b>11</b>	<b>Performance, Quality and Effectiveness</b>				
<b>11.3</b>	<b>Performance and Effectiveness of the Internal Audit Service</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
11.3.5	Does the H of IA report on the results of the performance management and quality assurance programme in the annual report?	√			
11.3.6	Does the H of IA provide evidence from his/her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?	√			