

Appendix A

Assessment of the Effectiveness of the Internal Audit Provider

Scope of Internal Audit

This covers Internal Audit's Terms of Reference, and the scope of its work including counter fraud and consultancy work.

The assessment found the Internal Audit Service to be complying in all areas.

Evidence:

Audit Strategy, Audit Charter, Financial Regulations

Independence

Internal Audit was found to have the required status to enable it to function independently and procedures were in place to highlight any potential conflicts of interests.

Evidence:

Audit Charter, Audit Manual, annual process for declaration of interests by Internal Audit employees. Specific training was last provided in this area at the Internal Audit team meeting on 16th May 2012.

Ethics of Internal Audit

The principals of ethics, as set out in the Audit Manual, are integrity, objectivity, competence and confidentiality. Internal Audit was found to have good standards of ethics and procedures in place to ensure they continue. The Chief Internal Auditor regularly provides training for auditors in this area to ensure all employees are reminded of their responsibilities.

Evidence:

Audit Manual, Quality review process, Audit Continuing Professional Development (CPD) training programme. Specific training was last provided at the Internal Audit team meeting on 16th May 2012.

Audit Committee

The Joint Independent Audit Committee is operating in line with the Code of Practice in that its relationship with Internal Audit is specified within its terms of reference, it receives appropriate reports from

Internal Audit on audit activity and performance and is attended by the Chief Internal Auditor.

Evidence:

Terms of Reference and, Reports to Committee

Relationships

This standard deals with the relationships Internal Auditors should have with managers, external auditors, other inspectors and Members of the Audit Committee. Relationships with managers, Mazars and Members of the Joint Independent Audit Committee were found to be good as were relationships with other inspectorates when required.

Evidence

Audit Manual, Mazars joint working protocol, joint working protocol with Professional Standards Department, Quality review process.

Staffing, Training and Continuing Professional Development

Internal Audit's arrangements for the above were found to be effective

Evidence:

Appraisal and Development Process, Training Plan, Audit CPD training programme, Corporate training, Internal Audit team meetings and Audit Manual.

Audit Strategy

The Authority's Internal Audit Strategy, which complies with the Code of Practice, was approved by the Audit and Improvement Committee on 14th May 2012 along with the annual audit plan for 2012/13. Continuation of the 2012/13 annual audit plan was subsequently agreed by the PCC and Chief Constable.

Evidence

Internal Audit Strategy 2012/13 – 2014/15 report, Annual Audit Plan.

Undertaking Audit Work

Audit work was found to be undertaken in compliance with the Code.

Evidence

Quality review process, Mazars joint working protocol

Due Professional Care

Audit work was found to be undertaken in compliance with the Code.

Evidence

Quality review process, Customer satisfaction surveys

Reporting

This covers Internal Audit reports to managers and to the Audit Committee. Internal Audit reports to managers were in compliance with the Code as were reports to the Joint Independent Audit Committee. The Code requires that an annual report is made to the Committee as well as interim reports throughout the year covering audit performance and audit work undertaken.

Evidence

Audit reports to managers, Quality review process, Internal Audit Annual Report 2012/13 and Audit Manual.

Performance, Quality and Effectiveness

Internal Audit has arrangements in place to monitor performance through monthly and quarterly performance statistics and the Chief Internal Auditor carries out a series of quality reviews of audit reports. These arrangements are in compliance with the Code.

Details of the outcomes of these processes are reported to the Joint Independent Audit Committee on a quarterly and annual basis.

Evidence

Internal Audit performance management indicators and quality assurance framework, Customer satisfaction surveys, Audit Manual, Quarterly update reports against agreed annual plan and Quarterly outstanding Internal Audit recommendations report.