

REVIEW OF WORKING PRACTICES AGAINST THE CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT IN LOCAL GOVERNMENT

2010/11

Report on areas of possible non-compliance

Note: P indicates partial compliance and N indicates non compliance

REF	STANDARD	P / N	CYC
2	Independence		
2.2	Organisational Independence		
2.2.2	Does the Head of Internal Audit report in his or her own name to members and officers	P	Reports to the Audit and Governance Committee are in the name of the client officer (the AD Financial Services) except for the Annual Report of the Head of Internal Audit.
3	Ethics for Internal Auditors		
3.3	Objectivity		
3.3.4	Are staff rotated on regular / annually audited areas.	P	It is recognised that some staff have audited the same system / service area for a number of years. Steps have been taken during 2010/11 to increase cross site working (between Northallerton and York) to reduce this problem. Further rotation of staff will take place in 2011/12.
4	Audit Committees		
4.2	Internal Audit's Relationship with the Audit Committee		
4.2.4	Does the Head of Internal Audit:		
	Participate in the committee's review of its own remit and effectiveness?	N	The Audit and Governance Committee has not reviewed its own effectiveness.
5	Relationships		
5.3	Relationships with Other Internal Auditors		
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?	P	The method of obtaining assurance from partner organisations will vary depending on the relationship between the Council and the partner, and the degree of risk involved. Where appropriate, Veritau will rely on the work of the partner organisation's own internal auditors, or request a formal ISAE 3402 or AAF 01/06 report. If necessary, Veritau will undertake formal testing of the control environment operating in the partner organisation itself. Existing arrangements tend to be limited and informal in nature. The need for a formal joint working protocol has been recognised and is included in the company's 2011/14 Business Plan.
5.5	Relationships with Other Regulators and Inspectors		
5.5.1	Has the Head of Internal Audit sought to establish a dialogue with the regulatory and inspection agencies that interact with the	P	This occurs on an ad-hoc basis but is not considered to be of significant importance.

REF	STANDARD	P / N	CYC
	organisation?		
7	Audit Strategy and Planning		
7.1	Audit Strategy		
7.1.2	Does the strategy include:		
	How the Head of Internal Audit will form and evidence his or her opinion on the control environment?	P	There are clear definitions for providing opinions on individual audits but the strategy does not adequately explain the factors which will be considered when giving the overall opinion. The need for a clearer methodology has been recognised and is included in the company's 2011/14 Business Plan.
10	Reporting		
10.3	Follow-up Audits and Reporting		
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	N	Veritau does not consider that it is appropriate to revise an opinion. However, account will be taken of the progress made by management to address control weaknesses and to complete agreed actions when providing the annual audit opinion.
10.4	Annual Reporting and Presentation of Audit Opinion		
10.4.2	Does the Head of Internal Audit's report:		
	Communicate the results of the internal audit quality assurance programme?	N	Given Veritau's contractual position, this information is considered to be more relevant to the CYC client officer. In addition, details of the annual customer satisfaction survey are shared with the client.

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