

INTERNAL AUDIT PROTOCOL

This Protocol outlines the respective roles and responsibilities of the Council's internal auditors and managers in ensuring that the Council receives an effective and efficient internal audit service.

Objectives of the Protocol

- To ensure a mutual understanding of both parties' legitimate expectations.
- To focus the work of internal audit on things that matter to management.
- To avoid unnecessary disruption to services or wasting managers' time.

DEVELOPING THE ANNUAL INTERNAL AUDIT PLAN	
- ensuring that the Plan focuses on areas that concern management	
<i>Management Responsibilities</i>	<i>Auditors' Responsibilities</i>
	The Consortium will support the Council's Audit & Risk Committee in coming to a determination about the Council's requirement for assurance
	The Consortium will arrange audit planning meetings with SMT and Heads of Service in December time.
Clients will be asked by Audit to identify the risks to the delivery of the Council's strategic goals and priorities and develop a framework of controls to manage those risks.	The Consortium will facilitate the development of risk-based Annual Internal Audit Plan that addresses clients' assurance requirement and has the potential to deliver assurance about the way in which the Council's most significant risks are managed.
Clients will identify the risks and the associated controls about which they require assurance from audit. Clients to share these requirements with audit at audit planning meetings.	
	The Consortium to present the audit plan to SMT for approval in January.
Clients will ensure that all managers are aware of the inclusion in the Annual Internal Audit Plan of assignments impacting on their areas of responsibility.	The Consortium will seek Audit & Risk Committee's approval for the Plan
Clients may request in year support direct to Internal Audit or via the Assistant Director - Finance	The Consortium will seek agreement of any changes to the audit plan requested by clients as a result of changes in circumstance and newly identified risks or other issues.
PLANNING AUDIT ASSIGNMENTS	
- ensuring that the Audit Planning Record clearly understood by all parties and focus audit attention on the risks that matter to client managers	
<i>Management Responsibilities</i>	<i>Auditors' Responsibilities</i>
Clients will ensure each planning meeting is attended by all relevant managers so that the key risks are identified and that proper weight is given to issues such as impact on delivery of service priorities and service deadlines.	The Consortium will give the clients enough notice of planning meeting to allow for proper prior consideration of the clients' risks and other relevant issues such as workloads and priorities in the area to be audited. The Consortium will send an agenda through for that meeting.

<p>Clients will ensure that they are prepared for planning meeting by ensuring that they can articulate:</p> <ul style="list-style-type: none"> - key risks - areas of concern - any pending changes - areas where audit should focus - areas outside of scope 	
<p>Clients will ensure that all relevant managers receive sight of draft the Audit Planning Record and have the opportunity to comment on them.</p>	<p>The Consortium will produce and circulate draft Audit Planning Records sufficiently in advance of scheduled start dates as to allow the clients to circulate them and confirm that they both meet requirements for assurance and avoid unnecessary disruption to service delivery.</p>
<p>Clients will provide formal confirmation that the Audit Planning Record is acceptable or advise of changes that they require.</p>	<p>The Consortium will only commence an assignment when satisfied that there is scope to provide added value and meaningful assurance.</p>
<p>CARRYING OUT ASSIGNMENTS</p> <ul style="list-style-type: none"> - ensuring that the internal audit process does not cause avoidable disruption to service delivery; - ensuring efficient use of internal audit resources 	
<p><i>Management Responsibilities</i></p>	<p><i>Auditors' Responsibilities</i></p>
	<p>The Consortium to ensure that the auditor undertaking the review is properly briefed and has a good understanding of the area to be reviewed.</p>
<p>Clients will ensure that all relevant managers and other staff are aware of the nature, scope and timing of imminent audit assignments. Clients will ensure that the auditors are advised – without delay - of any changes of circumstances impacting on the planned scheduling or delivery of an assignment</p>	<p>The Consortium will not begin audit field work until the client has formally agreed the Audit Planning Record for the assignment.</p> <p>The Consortium will, wherever practical and appropriate, provide the client with advanced notification of the information required to carry out an assignment.</p>
<p>Clients will ensure that managers and other relevant staff have a proper understanding of their duties to cooperate with internal audit in; agreeing and keeping appointments; meeting information requests; and responding to reasonable requests for explanations and supplementary information.</p>	
	<p>The Consortium will discuss scheduling of assignments with the client and seek to organise on-site field work so as to take account of clients' workloads and deadlines and minimise service disruption.</p>

<p>Clients will acknowledge that, where significant extraneous issues are identified during audit fieldwork, it may be necessary to redefine the Audit Planning Record and reconsider the resource budget for the ongoing assignment.</p>	<p>The Consortium will work within the agreed terms of reference unless significant extraneous issues are identified: the client will be advised of such issues and given the opportunity to revise the agreed Audit Planning Record and (if appropriate) the agreed resource budget.</p>
<p>REPORTING</p> <ul style="list-style-type: none"> - ensuring that there are no surprises for managers; - ensuring that the findings set out in reports are soundly based on a proper understanding of all the relevant facts; - ensuring that agreed recommendations are practical and proportionate to the risks identified. 	
<p><i>Management Responsibilities</i></p>	<p><i>Auditors' Responsibilities</i></p>
<p>Clients will ensure that relevant managers spend enough time reviewing draft reports to be certain that they are accurate, and based upon a proper consideration of all relevant information.</p>	<p>The Consortium will ensure that any significant issues identified in the course of audit fieldwork will be reported to the relevant senior manager as soon as key facts are verified. In cases where findings are likely to lead to a negative opinion, the relevant Director will be informally briefed.</p>
<p>Clients will highlight at the earliest stage possible any concerns about accuracy or completeness of findings or the validity of conclusions contained in draft audit reports, including the audit opinion. The Assistant Director – Finance can be used to provide an independent view or help resolve queries.</p>	<p>The Consortium will provide managers with reasonable opportunities to satisfy themselves as to the accuracy and completeness of audit reports before they are issued.</p>
<p>Clients will ensure that they understand the proposed effect and resource implications of each recommendation before it is accepted. Clients should be satisfied that any recommendation accepted is justified; proportionate; and has a good prospect of delivering the desired outcomes.</p>	<p>The Consortium will make practical and realistic recommendations that address material issues identified.</p>
	<p>The Consortium will give credit for any improvement activity undertaken prior to reporting.</p>
	<p>The Consortium will ensure that no reports are shared outside officer group until the Client Director has given sign off.</p>
	<p>The Consortium will ensure that agreed report clearance stages are covered before a final report is issued and that input received from clients during the clearance process is acknowledged in the final report.</p>

IMPLEMENTING RECOMMENDATIONS	
- ensuring that necessary improvements to the management of risk are made without delay	
<i>Management Responsibilities</i>	<i>Auditors' Responsibilities</i>
Clients will ensure that resources are made available to deliver agreed recommendations and that all relevant managers understand the priority placed on delivery within the agreed deadlines.	The Consortium will provide clients and other interested parties with regular reports on progress on implementation of agreed recommendations highlighting any recommendations not implemented within agreed timescales
Clients will monitor progress in delivering agreed recommendations and will advise the Consortium – and other interested parties – of any delays in implementation that might impact, materially on the control of the client's risks	The Consortium will ensure that senior management and the Audit & Risk Committee are aware of any material delays in the implementation of agreed recommendations and the impact that such delays have on the control of the Council's risks.
CLIENT FEEDBACK	
- ensuring that managers receive the quality of service that they expect	
<i>Management Responsibilities</i>	<i>Auditors' Responsibilities</i>
Clients will provide objective feedback on the quality of work delivered by the Consortium and any aspects of the service delivered which does not meet client needs and expectations.	The Consortium will seek client feedback at the completion of each assignment; and again at the completion of the Annual Internal Audit Plan.
	The Consortium will use the feedback received to improve the quality of service delivered to clients.