

1 Introduction

- 1.1 This document explains Veritau's internal audit process and sets out the steps involved in planning, carrying out and reporting an audit.
- 1.2 Our work is carried out in line with our own internal audit manual, which is aligned to the Public Sector Internal Audit Standards (PSIAS). The PSIAS set out how internal audit work should be managed and delivered including the Code of Ethics. This is also reflected in the Council's Audit Charter.

2 The audit process

- 2.1 Following agreement of the plan by the Corporate Affairs & Audit Committee, initial audits will be planned across the audit year. Provisional timescales will be established and agreed with key officers. This year's audit plan is initially at a high level to allow greater flexibility and responsiveness, therefore not all audits will be programmed in at the beginning of the year. Instead, timescales for the remaining work will be agreed with officers on a rolling basis during the year.
- 2.2 When an audit is due to commence the auditor will contact the relevant head of service and responsible officer (usually the relevant Assistant Director or equivalent) to arrange an opening meeting. The purpose of the opening meeting is to agree the objectives of the audit (for example the key risk areas to be covered).
- 2.3 A formal specification will then be issued confirming the objectives, and detailing key officers and the agreed start date. Responsible officers are asked to agree the specification to ensure there is clarity about the agreed scope of the work at the outset.
- 2.4 The auditor will maintain regular contact with the service throughout the audit and highlight any issues identified. A closing meeting will also be held to discuss issues found and possible action that could be taken to address them. At the conclusion of the fieldwork a draft report will be produced and circulated to the relevant head of service and responsible officer to seek agreement to the findings. The responsible officer and key contacts are also asked to confirm the actions they will take to address any control issues. Once the draft report and actions are agreed, a final report is issued.
- 2.5 Veritau does not routinely make recommendations in internal audit reports. Instead, issues are discussed with managers, who are asked to develop their own actions to address the issues found. This helps to ensure that managers retain ownership of the actions. Advice will be provided to managers to help them develop actions, where required. And any actions proposed will be reviewed by Veritau, to ensure they address the risks identified. Final internal audit reports

include details of the agreed actions along with the responsible officer and a target implementation date.

- 2.6 Veritau has four levels of assurance – Substantial, Reasonable, Limited and No Assurance.
- 2.7 Individual findings have 3 levels of priority; from 1 (the highest) to 3 (the lowest).
- 2.8 Formal definitions for assurance and priority ratings can be found at annex 4.
- 2.9 Veritau will follow up all actions to ensure they have been completed. Officers may request to revise dates but these will only be considered and agreed if the rationale and revised timescale are reasonable. Actions that are not completed will be escalated internally and ultimately to the Corporate Affairs & Audit Committee if required.
- 2.10 The findings of internal audits will be reported quarterly to the Corporate Affairs & Audit Committee in summary form along with the assurance rating and the number of actions agreed.