

Audit and Inspection Plan

Isle of Wight Council

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- The Audit Commission's requirements in respect of independence and objectivity

Reference:	IOW audit inspection plan 2000-05 (Final)
Date:	April 2004

Introduction

This plan sets out the audit and inspection work we propose to undertake in 2004/2005. The plan has been drawn up from improvement planning meetings with you, and our risk based approach to audit planning. This plan reflects the Audit Commission's elements of the co-ordinated and proportionate audit and inspection programme.

Strategic regulation

Strategic regulation is at the core of the Audit Commission's plans. It is a new more focused and more risk-based approach. Our approach to strategic regulation embodies four key principles:

- it is a force for continuous improvement
- it is focused on outcomes for service users
- it is proportionate to performance and risk
- it is delivered in partnership.

We intend to demonstrate the benefits of strategic regulation in your audit and inspection programme by:

- linking our performance and inspection work to the Council's improvement priorities
- recognising the need to minimise the grant certification burden
- continuing a risk based approach to reviewing key financial risks in respect of finance and governance.

Our responsibilities

In carrying out audit and inspection work we comply with the statutory requirements governing it, in particular:

- for our audit work
 - the Audit Commission Act 1998;
 - the Code of Audit Practice (the Code); and
 - the Local Government Act 1999;
- for our inspection work
 - the Local Government Act 1999.

We have worked with you on the improvement planning process to ensure that the work of the Audit Commission and other inspectors is co-

ordinated and targeted at your key areas for improvement.

To clarify the purpose of our different responsibilities we have divided the plan into the following categories:

- improvement
- assessment
- assurance.

The fee

The fee for our 2004/2005 programme of work is set out below.

Audit area	2004/05 Fee (£)	2002/04 Fee (£)
Improvement	32,500	-
Assessment	63,000	106,100
Assurance		
• Accounts	62,000	103,000
• Governance	73,500	107,600
• Use of resources	83,000	160,100
TOTAL	314,000	476,800

Note: the fee is net of ODPM grant

In setting the fee we have assumed:

- you will inform us of significant developments and emerging risks
- Internal Audit meets the appropriate professional standards
- officers will provide good quality working papers that comply with the minimum standards that we agree with you
- officers will provide requested information within agreed timescales
- prompt responses to draft reports and requests for information.

Changes to the plan will be agreed with you.

These may be required if:

- significant new risks emerge
- additional duties are required of us by the Audit Commission
- changes are agreed with the other inspectorates.

In addition to the above fee we will also charge a 'per diem' fee for any grant claim certification

work in relation to claims submitted for the 2003/04 financial year.

Under the revised certification arrangements described in the main body of this plan the total fee for this work will be determined by the number and size of claims requiring audit.

Once we have received information from you regarding your intended certification requirements we will be able to estimate the fee payable for grant certification.

Improvement

Through our improvement planning meetings and discussions with you and the other inspectorates, we have reached a shared understanding of your top priorities for improvement. This section sets out the Audit Commission’s proposed activity linked to those improvement priorities. This work has been proposed after consultation with the other inspectorates to ensure our work programmes are co-ordinated and proportionate.

The Council’s corporate priorities over the coming year reflect the next important phase in delivering the CPA agenda and centre on two main themes:

- developing leadership
- addressing areas of under-performance and achieving improvements in service delivery

Our improvement work and performance work mirror these priority areas, and our plan has been designed to support the council deliver its improvement agenda by targeting a number of specific areas. These focus on assisting the council to:

- improve community engagement
- identify and address areas of under-performance
- develop its capacity through improved leadership and the promotion of partnership working and joint commissioning
- manage its finances effectively.

This will be achieved, in part through our risk based planning process, and work linked directly to the Council’s improvement agenda in addition to the performance management work referred to in the next section of this plan. We have also identified further opportunities to support the

council’s improvement agenda which is offered below as voluntary improvement work at additional charge.

We will undertake the following work as part of our improvement programme.

Improvement priority	Action proposed
<p>Performance management</p> <p>Performance management is an area where the council has made significant progress over the past year. However, there is still much that needs to be done to embed the performance management framework into the organisation and ensure that it works as an effective management tool.</p> <p>In addition the Council has still to demonstrate that it has improved its arrangements for producing BVPIs and that this action has reduced the risk of errors in the published BVPIs.</p> <p>The council is committed to making a step change in its arrangements from simply the measurement of performance to the management of performance which we fully endorse as in line with good practice.</p>	<p>We will continue to work with the council to further develop and enhance its performance management arrangements. Our contribution will include:</p> <ul style="list-style-type: none"> • assessing the impact of the Council’s performance management arrangements • providing support in the development of local PIs • utilisation of performance information to identify improvement opportunities <p>We will carry out early testing of the Council’s quality assurance arrangements in preparation for our audit of the published BVPIs in July 2004.</p>
<p>Strategic development</p> <p>Developing leadership has been identified as a priority improvement area by the council which we understand will be a key part of the council’s improvement agenda for the coming year.</p> <p>Our review of over-view and scrutiny arrangements carried out as part of the 2003/04 audit endorses the council’s own assessment of the progression of strategic development as</p>	<p>Acting as a critical friend we will support the Council as part of a structured strategic development approach linked to the improvement programme. This will involve;</p> <ul style="list-style-type: none"> • Meeting with staff involved in supporting corporate services and democratic services to facilitate discussion on how officers may best support delivery of

<p>a top improvement priority</p>	<p>the Council's key improvement initiatives</p> <ul style="list-style-type: none"> Supporting a Senior Management Team Workshop to focus on strategic and operational management in terms of developing a more evaluative and evidence-based culture Leading an Executive seminar focusing on how to strengthen the overview and scrutiny function
<p>Connecting with the public -implementation of GAGS</p> <p>Our inspection of the council's GAGS initiative last year raised a number of concerns about the project's delayed progress and the limited engagement that many stakeholders seemed to have with the concept.</p> <p>However, at the same time we concluded that GAGS was an integral part of the council's modernisation agenda and its success was crucial to achieving a good communication with the public. The fact that little change was in evidence at the time of our inspection was a disappointment and raised concerns about the longer term delivery of this programme.</p>	<p>Following our inspection it was agreed that we would re-visit this area during 2004/05.</p> <p>Our remit will track the Council's response to the recommendations contained in the inspection report and evaluate the action being taken by the Council to manage the risks inherent within a project of this nature.</p>

Additionally, we will follow-up our work from previous years to check progress on the implementation of agreed recommendations.

Voluntary improvement work

Where the council requests additional work to help with the improvement agenda we will be happy to discuss detailed proposals. The fee for this work, undertaken under section 35 of the Audit Commission Act 1998, would be agreed separately with the council. Our initial discussions with officers have identified the following potential areas of voluntary improvement work. We will provide outline terms of reference for these studies to provide the agenda for further discussions.

Improvement priority	Voluntary improvement work proposed
Fire and Rescue service	Pre CPA management arrangements review
Workforce development – Island wide	This work will be based around the more strategic HR review carried out as part of the 2004/05 and would aim to share good practice on workforce development. Our work would provide on the Island-wide perspective on workforce planning issues.
Project management	Discussions have already been held with Council officers on how we might continue to provide support in this area following on from our work in 2003/04. Options discussed so far include: <ul style="list-style-type: none"> contributing to the development of training material providing hands on support with the roll out of training.
Diversity and the Race Relations Act	Progress appraisal building on our review of the Council's preparation for compliance with the RRA Act and the awareness raising workshops carried in 2003/04.
Early closedown of accounts	If required we can offer a workshop with key finance staff to share good practice and address

	local issues.
Management and control of grant claims	The new regime for auditing grant claims described later in this letter provides the opportunity for Councils to benefit from 'light touch' audit of claims. The extent to which these benefits result in financial savings depends on a range of factors, including the reliance which auditors can place on the control environment. We can offer a workshop with key staff to assist in developing arrangements.

Expected outputs
Performance management
Strategic development workshops – summary report identifying areas for further action
Connecting with the public and e-governance report

Assessment

The Isle of Wight continues to be a fair council. Last year's qualitative assessment showed that the council had made improvements to some services over the last year. Improved performance in social services for adults, education and re-cycling were key highlights.

A large part of the council's efforts to date have focused on improving management arrangements and good progress has been made. The council also identified highways, planning, homelessness and housing benefits as priority improvement areas in the first year of CPA and resources are being targeted to achieve demonstrable improvement in each of these service areas.

Overall, we concluded that based on the council's current plans and progress so far, it is well placed to improve the way it works and the services provided to local people.

Against this background it should be noted that the council was not eligible this year to apply for a voluntary corporate assessment based either on its revised service scores or on grounds of exception circumstances.

This has therefore given us the flexibility to focus our assessment work on the things that

really matter to the council. This year we have agreed to carry out an inspection of one of the council's priority improvement areas. Housing services have been selected for this purpose because of its importance and also because the 3 other improvement areas (planning, transport and housing benefits) have been / will be subject to inspection as part of the 2003/04 programme.

Our assessment work has the overall aim of helping the council maintain momentum and focus in delivering its improvement priorities.

Inspections – An inspection of the housing service will be carried out focusing on homelessness and housing advice. Discussions with officers to agree the scope and timing of the inspection have already been held. The inspection will commence in July 2004 with target date of end of September for the final report.

Regular performance assessment – Regular performance assessments (RPA) are required to be undertaken for 2004/05 in the service areas of housing, environment or cultural services where a previous inspection is timed out by 31 October 2005. This would apply to the council in the case of cultural services. Provision has been made in the plan for an RPA of cultural services. The outcome of this will determine what further work will be required in 2005/06.

Qualitative assessment of continuous improvement – Provision has been made in the plan for a re-refresh of our qualitative assessment of continuous improvement.

Auditor Scored judgements – The plan provides for a re-assessment of the council's arrangements in relation to matters of corporate governance and the preparation of the annual financial statements by October 2004.

The Audit Commission will publish an updated comprehensive performance assessment (CPA) for your council and all other councils in December 2004.

Expected outputs
Homelessness and housing advice inspection report
Regular performance assessment report on cultural services
Auditor scored judgement
Qualitative assessment

Assurance

Accounts

We are required to give an opinion on your accounts. In carrying out this work our audit process will be directed by, and comply with all statements of auditing standards (SAS) relevant to public sector bodies.

In common with previous years, we will initially focus on your core processes for producing the accounts:

- the main accounting system
- the budgetary control procedures
- the final accounts closedown procedures.

We will then undertake detailed testing of the figures in the accounts.

We will ensure our work is carried out to meet the revised audit timetables set out in the accounts and audit regulations 2003.

We will undertake the following specific work to address the risks we have identified. We recognise that these risks may change as the 2004/2005 financial year progresses, and we will update our risk assessment and work programme following completion of our audit of your 2003/04 accounting statements.

Risk	Action proposed
<p>Some progress has been made in achieving earlier closedown of accounts for 2003/04, but moving the accounts timetable further forward in 2004/05 will be a significant challenge for the council.</p> <p>Action will be necessary to meet the advancing timetable for approval of the financial statements.</p>	<p>We will review the council's proposals for compliance with the 'whole of government accounts' timetable for 2004/05 drawing on experiences in 2003/04.</p> <p>We will liaise with IA to ensure their coverage of financial systems is completed in accordance with the tighter timetable for closedown and audit of accounts</p>

An unqualified opinion may not be given on financial statements that contain material misstatements. In the course of our work, we may also identify non-material misstatements that we will report to officers for amendment, unless they are clearly inconsequential. If officers do not make the required amendments, we are required, under SAS 610, to report the

amendments to the Audit Panel so that there is an opportunity for them to be amended prior to the approval and certification of the financial statements.

Expected outputs
SAS 610 report to the Audit Panel – August 2005
Audit opinion – August 2005
Accounts audit report – September 2005

Governance

We are required to determine whether you have adequate arrangements for:

- legality
- financial standing
- internal financial control
- standards of financial conduct and preventing and detecting fraud and corruption.

For 2004/05, we will also again review your arrangements for following up matches highlighted by the National Fraud Initiative.

We will also give consideration to complex issues that may arise during the year, including the planned developments in relation to Wight Leisure. We will follow-up our recommendations and agreed actions in relation to the following previous studies:

- Freedom of Information Act 2000
- education funding

As part of our review of arrangements for ensuring the financial aspects of corporate governance, we will be working closely with Internal Audit to assist the Council develop controls assurance and to facilitate the production of the Statement of Internal Control. This will involve collaborative working on assessing the council's governance arrangements and ethical framework.

In addition to our arrangements work we will undertake the following specific work to address the risks we have identified for 2004/2005.

Risk	Audit work proposed
<p>Highways PFI</p> <p>The Council is currently exploring the PFI route for securing funding for highways expenditure.</p> <p>PFI's are high risk ventures and although the Council is at an early stage in the process it is critical that adequate preparations are made.</p>	<p>Based on our wider experiences of PFI schemes we will carry out an initial appraisal of the Council's outline proposals and make recommendations based on good practice.</p> <p>Any work that the council may require us to carry out beyond this initial assessment will be charged at additional fee.</p>
<p>Changing organisational cultures</p> <p>Evidence shows that fraud and corruption can be deterred and prevented more effectively where there is a strong good conduct culture throughout the organization. As well as effective systems and controls the people who operate them and their behaviour are key.</p> <p>Particularly during periods of change when the Council's focus is predominantly on modernisation and improvement there is risk that issues of ethical awareness may assume a reduced prominence.</p>	<p>We will work in collaboration with Internal Audit to raise awareness of ethical standards and good conduct across the organisation.</p> <p>We are proposing to do this using a self assessment workshop process developed by the Audit Commission.</p> <p>The aim of the workshops is to encourage managers to be open in identifying issues that need to be addressed at a local and corporate level which leads to better ownership of the outcomes.</p> <p>Coverage is still to be agreed but it is suggested that the programme extends over a number of years.</p>
<p>Management of Capital Contracts</p> <p>Our final accounts work last year identified significant delays in the completion of capital contracts. In addition a review of Internal Audit's work identified instances of overspends on capital works.</p>	<p>We will select a sample of contracts that have significantly over-run or over-spent. Our audit will probe into the underlying reasons and provide recommendations for improvement</p>
<p>E-governance</p> <p>Our preliminary view based on earlier discussions with IT staff was that the council was</p>	<p>We will review the council's progress in implementing the e-government agenda. Our audit will assist the Council in the direction of</p>

<p>under pressure to meet the 2005 Government targets for e-governance.</p>	<p>its efforts and resources to ensure that targets are meet.</p> <p>Our review will also consider related issues of information management and will provide an assessment of the council's progress.</p>
<p>Information management</p> <p>Sound information management is at the heart of the Government's current legislative agenda. Any weaknesses in the council's approach to information management will hinder your ability to comply with the legislation.</p>	<p>In 2003/04 we reviewed the council's arrangements for compliance with the Freedom of Information Act and we will be following this up as part of this year's audit.</p> <p>Additionally we will assess how your information management arrangements comply in particular with reference to the requirements of the Children's Bill (when enacted)</p>

Expected outputs
Governance report
PFI – review of arrangements
Management of capital contracts
E-governance (linked with connecting with the public report)
Information management

Performance management

Overall arrangements

We will review whether you have adequate arrangements to secure economy, efficiency and effectiveness in the use of your resources.

The work on your overall arrangements will be linked with our improvement and assessment work identified earlier in the plan. Additionally we will undertake the following specific work to address the risks we have identified for 2004/2005.

Risk	Audit work proposed
<p>Delivery of the Joint Healthcare strategy</p> <p>The statement of intent for the integration of health and social care review and the implementation of a joint health care strategy for the Island adopted by the Council, the Health care Trust and the PCT represents a major challenge for all parties involved.</p> <p>The process has undergone public consultation but the debate around the detail continues and the end point is far from sight. The adoption of the strategy and its successful delivery is a major opportunity for the Island community but is also a cutting edge initiative fraught with considerable risk.</p>	<p>We are proposing to carry out a cross-cutting piece of work involving the Council and its NHS partners.</p> <p>The coverage is still to be scoped but provisional thoughts are around:</p> <ul style="list-style-type: none"> • consultation and engagement • the impact of the national issues • strategic direction • barriers and levers analysis • project planning
<p>Local Strategic Partnership (LSP) and other key partnerships</p> <p>Working in partnership with other agencies and achieving the most of joint commissioning and funding initiatives is a key opportunity for the Council to develop its capacity and achieve its service objectives in collaboration with other providers.</p> <p>The LSP provides this opportunity.</p> <p>LSP funding however is dependent on the council in collaboration with its partners achieving agreed targets. Effective and sustainable partnership arrangements are needed for the Council to do this and in turn be able to demonstrate the investment has delivered real improvements in service delivery.</p>	<p>Our work will involve an assessment of your corporate arrangements for managing and co-ordinating partnerships. Our work will draw on the Audit Commission's methodology 'managing partnerships' but will be tailored to focus on the local issues and risks.</p> <p>Our work will cover:</p> <ul style="list-style-type: none"> • Risk management • Probity and governance in partnerships • Management of performance and achievement of LSP targets <p>Consideration may also be given to the use of Health Act flexibilities and pooled budgets to supplement LSP funding.</p>

<p>Similar risks exist in relation to:</p> <ul style="list-style-type: none"> • Crime and Disorder Reduction Partnership • Voluntary Sector Compact 	
<p>Financial management</p> <p>The Council has a good track record for achieving its financial targets on a year on year basis and action is being taken to improve its financial reporting arrangements and to raise awareness of budgetary issues.</p> <p>The Council was also successful in setting a prudent budget for 2004/05 which minimised Council tax rises and which the Director of Finance considers to be achievable within existing resource constraints.</p> <p>Nevertheless the financial position is tight and the exercise of prudent financial management will continue to be a priority for the Council both in relation to making effective use of available resources and planning for the future</p>	<p>We will undertake specific work to assist the development of the following financial management areas:</p> <ul style="list-style-type: none"> • Preparation and adoption of a medium term financial strategy • Financial benchmarking • Arrangements for delivering the 2004/05 budget <p>The detailed scope of this work is to be agreed with the Director of Finance.</p>

We will also follow -up our work from previous years to ensure you have implemented agreed recommendations. In particular:

- Human Resources

Best value

We will undertake a review of your Best Value Performance Plan (BVPP) to ensure it meets the statutory requirement in respect of its content. We will issue an opinion on this plan before the end of December 2004.

We should stress that our work this year will be restricted to that required to enable us to form an opinion on the published BVPIs. Our proposed coverage assumes that the quality assurance process that the Council has established since our audit last year is fully in place and is working effectively.

We will plan our detailed testing this year in accordance with the 'managed audit' principles

which will rely on the council's own internal control arrangements and quality processes. If this proves not to be the case then we will need to charge separately for any additional work.

Expected outputs
Delivery of the Joint Healthcare strategy
Promotion and sustainability of joint commissioning initiatives and partnership arrangements
Financial management
Audit memorandum – audit of the BVPIs
Auditors report and opinion on the BVPP – by December 2004

Grant claim certification work

The Audit Commission has changed the certification audit regime to reduce the amount of work overall, and better link the work to assessments of risk. The benefits of this approach will begin to be achieved in our certification work later in 2004, and be fully achieved in 2005. The main changes are:

- claims for £50,000 or below would not be subject to certification
- claims between £50,001 and £100,000 would be subject to a reduced, light touch, certification audit
- claims over £100,000 would have an audit approach relevant to the auditors' assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced audit approach for these claims.

The team

Name	Title
Stephen Taylor	Relationship Manager
Stephen Taylor	District Auditor
Alastair Rankine	Audit Manager
Charlotte Smith	Performance Lead
Nigel Smith	Team Leader
Anne Hunter	IT specialist

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing standards.

In relation to the audit of your financial statements, we will comply with the Commission's requirements in respect of independence and objectivity as set out at Appendix 1.

Further details of our respective Code responsibilities

The Audit Commission's Statement of Responsibilities of Auditors and Audited Bodies gives further information on our respective responsibilities under the Code of Audit Practice.

Reporting

We will provide reports, or other output as agreed, to Audit Panel for each of the risk areas identified in the plan. Our key milestones are set out in the planned outputs section. This is prepared in draft form and will be updated regularly as work programs are agreed, and will form the basis of audit progress reports to officers and the Audit Panel.

We are also required to report relevant matters relating to the audit to those charged with governance. The following section on planned outputs shows how we will address this requirement.

Status of our reports to the council

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to non-Executive Directors/Members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any Director/Member or officer in their individual capacity, or to any third party.

Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the relevant Committee.

Planned output	Start date	Draft due date	Key AC contact
Audit Plan	March 2004	April 2004	Stephen Taylor
Audit monitoring report 1	June 2004	July 2004	Alastair Rankine
Auditor scored judgements	September 2004	October 2004	Alastair Rankine
Strategic development	TBA	TBA	Alastair Rankine
Connecting with the public/e-governance	TBA	TBA	Alastair Rankine
Homelessness and housing advice inspection	July 2004	September 2004	Patrick Mooney
Culture RPA	TBA	TBA	Stephen Taylor
Qualitative assessment	TBA	TBA	Stephen Taylor
Interim audit and governance report	March 2005	April 2005	Alastair Rankine
Audit monitoring report 2	September 2004	October 2004	Alastair Rankine
SAS Governance report to those charged with governance	September 2004	September 2004	Alastair Rankine
Opinion on the 2004/05 financial statements	August 2004	October 2004	Alastair Rankine
Accounts audit report	August 2004	October 2004	Alastair Rankine
PFI appraisal	TBA	TBA	Alastair Rankine
Management of capital contracts	TBA	TBA	Alastair Rankine
Performance management	TBA	TBA	Alastair Rankine
Delivery of the Joint health care strategy	TBA	August 2004	Alastair Rankine
Local Strategic Partnership	TBA	TBA	Alastair Rankine
Financial management	TBA	TBA	Alastair Rankine
Management of Information	TBA	TBA	Alastair Rankine
Connecting with the public/e-governance	TBA	TBA	Alastair Rankine
Opinion on Best Value Performance Plan	August 2004	September 2004	Alastair Rankine
Follow-up report	TBA	TBA	Alastair Rankine
Annual Letter	September 2004	November 2004	Stephen Taylor

The Audit Commission's requirements in respect of independence and objectivity

Auditors appointed by the Audit Commission are subject to the Code of Audit Practice (the Code) which includes the requirement to comply with Statements of Auditing Standards (SAS) when auditing the financial statements. SAS 610.3 requires auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff.

The SAS defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case the appropriate addressee of communications from the auditor to those charged with governance is Audit Panel. The auditor reserves the right, however, to communicate directly with [the Board/Cabinet etc] on matters which are considered to be of sufficient importance.

Auditors are required by the Code to:

- carry out their work with independence and objectivity
- exercise their professional judgement and act independently of both the Commission and the audited body
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest
- resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors, or any firm with which an auditor is associated, should not carry out work for an audited body, which does not relate directly to the discharge of the auditors' functions if it would impair the auditors' independence or might give rise to a reasonable perception that their independence could be impaired. If auditors are satisfied that performance of such additional work will not impair their independence as auditors, nor be reasonably perceived by members of the public to do so, and the value of the work in total in any financial year does not exceed a de minimis amount (currently the higher of £25,000 or 20% of the annual audit fee), then auditors (or, where relevant, their associated firms) may undertake such work at their own discretion. If the value of the work in total for an audited body in any financial year would exceed the de minimis amount, auditors must obtain approval from the Commission before agreeing to carry out the work.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- any staff involved on Commission work who wish to engage in political activity should obtain prior approval from the Partner or Regional Director
- audit staff are expected not to accept appointments as lay school inspectors
- Firms are expected not to risk damaging working relationships by bidding for work within an audited body's area in direct competition with the body's own staff without having discussed and agreed a local protocol with the body concerned
- auditors are expected to comply with the Commission's statements on firms not providing personal financial or tax advice to certain senior individuals at their audited bodies, auditors' conflicts of interest in relation to PFI procurement at audited bodies, and disposal of consultancy practices and auditors' independence

- auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission
- auditors are expected to comply with the Commission's policy for both the District Auditor/Partner and the second in command (Senior Manager/Manager) to be changed on each audit at least once every five years with effect from 1 April 2003 (subject to agreed transitional arrangements)
- audit suppliers are required to obtain the Commission's written approval prior to changing any District Auditor or Audit Partner/Director in respect of each audited body
- the Commission must be notified of any change of second in command within one month of making the change. Where a new Partner/Director or second in command has not previously undertaken audits under the Audit Commission Act 1998 or has not previously worked for the audit supplier, the audit supplier is required to provide brief details of the individual's relevant qualifications, skills and experience.