

REPORT FOR DECISION

MEETING: AUDIT COMMITTEE
DATE: 3RD DECEMBER 2013
SUBJECT: PUBLIC SECTOR INTERNAL AUDIT STANDARDS
REPORT FROM: HEAD OF INTERNAL AUDIT
CONTACT OFFICER: BARRIE STROTHERS

TYPE OF DECISION: Non key.

FREEDOM OF INFORMATION/STATUS: This paper is within the public domain.

SUMMARY: This is a report to inform Members on changes to the way Internal Audit is assessed.

OPTIONS & RECOMMENDED OPTION Members may accept or reject the report. It is recommended that Members accept the report which helps the Head of Internal Audit achieve the Standards for Internal Audit as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors.

IMPLICATIONS:

Corporate Aims/Policy Framework: Yes

Financial Implications and Risk Considerations: There are no financial implications arising from this report.

Statement by the Assistant Director of Resources (Finance & Efficiency): Part of the Audit Committee's role is to monitor the performance of Internal Audit and these new measures will assist the Committee to fulfil its obligations.

Equality/Diversity implications: None

Considered by Monitoring Officer: No

Are there any legal implications? No

Staffing/ICT/Property: There are no direct resource implications arising from the report.

Wards Affected: The work of Internal Audit impacts on all of the Council's wards and Area Boards.

Scrutiny Interest: None.

TRACKING/PROCESS

DIRECTOR: Resources

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
	Chair		
Scrutiny	Cabinet	Committee	Council
		Audit 03/12/13	

1.0 BACKGROUND

1.1 Until 2013 the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of practice for Internal Audit in Local Authorities in the UK was recognised as best practice and was adopted by the Council. Annual reviews were performed to assess the level of compliance against the Code and the results reported to the Audit Committee in the Annual Report.

1.2 CIPFA and the Chartered Institute of Internal Auditors (IIA) have published a new set of standards that came into force on 1st April 2013. The Public Sector Internal Audit Standards (PSIAS) are based upon the mandatory elements of the IIA International Professional Practices Framework (IPPF) as follows:-

- Definition of Internal Auditing
- Code of Ethics
- International Standards for the Professional Practice of Internal Auditing

2.0 PUBLIC SECTOR INTERNAL AUDIT STANDARD (PSIAS)

2.1 The objectives of the PSIAS are to:-

- define the nature of internal auditing within the UK public sector,
- set basic principles for carrying out internal audit in the UK public sector,
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and

- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

2.2 PSIAS defines internal auditing as follows:-

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

2.3 Appendix A to this report contains the PSIAS in detail and Bury’s Internal Audit Service’s evaluation undertaken by the Head of Internal Audit. The result of this assessment has resulted in the necessity to update our Internal Audit Charter and introduce a Code of Ethics for Internal Audit. These documents are included in the appendices.

2.4 The further requirements of the Standard are:-

- The development and maintenance of a quality assurance and improvement programme.
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme within the Annual Report.

3.0 CONCLUSION

3.1 Members should note the contents of the report and we seek the approval of the Audit Committee to make changes to our current Internal Audit Charter and their approval of a new document, the Code of Ethics for Internal Audit to ensure the Council complies with the requirements of the PSIAS.

List of Background Papers:-

CIPFA’s Public Sector Internal Audit Standard

Contact Details:-

Barrie Strothers

Head of Internal Audit

Tel: 0161 253 5084

E-mail: B.E.Strothers@bury.gov.uk