

INTERNAL AUDIT REVIEW – PUBLIC SECTOR INTERNAL AUDIT STANDARDS

1 SUMMARY

- 1.1 This report introduces the outcome of a review of Internal Audit which was carried out as part of the strategic development and performance improvement partnership with Grant Thornton and CIPFA. The review findings and action plan are attached as an Appendix.

2 RECOMMENDATION

- 2.1 The Audit Committee are asked to note the outcome of the review and endorse the proposed improvement actions as set out in the Appendix.

3 DETAIL

- 3.1 The service review of Strategic Finance carried out in 2011 resulted in a reduction in audit days and staffing for Internal Audit of around 17%. To mitigate against the reduced resource it was also agreed to enter into a partnership to support strategic development and performance improvement for Internal Audit. Following a tendering exercise Grant Thornton and CIPFA (Chartered institute of Public Finance and Accountancy) were appointed as partners for Internal Audit.
- 3.2 At the same time a new set of professional standards for internal audit in the public sector were being developed. The new Public Sector Internal Audit Standards (PSIAS) were adopted by CIPFA as the standard setter for application from 1 April 2013. This replaced the CIPFA Code of Practice on Internal Audit in Local Government.
- 3.3 Given the significance of the new PSIAS it was agreed that the starting point for developing an improvement plan for Internal Audit would be an assessment against the new PSIAS. This would identify areas for improvement that were core to the operation and effectiveness of Internal Audit.
- 3.4 The assessment against PSIAS has now been completed. This is presented as a report by Grant Thornton and CIPFA in the Appendix to this report. It should be noted that although presented as a report by Grant Thornton and CIPFA the assessment was carried out in conjunction with and with significant involvement of staff in Internal Audit.
- 3.5 An action plan is contained within the report and it sets out the opportunities for improvement and how these will be taken forward. It is planned to have the action plan largely complete by December. Completion of the action plan whilst ensuring compliance with the PSIAS will provide for an improvement in the effectiveness and performance of Internal Audit and a sound base for

future development.

4 CONCLUSION

- 4.1 An action plan has been developed following the assessment against PSIAS. The report on the assessment and the action plan related to the improvements are attached to this report. The report was prepared by Grant Thornton and CIPFA with significant involvement of staff in Internal Audit in the assessment.

5. IMPLICATIONS

- 5.1 Policy – Action plan sets out a number of areas of improvement in how Internal Audit operate.
- 5.2 Legal – Not a legal requirement but sets out actions to improve compliance with professional standards.
- 5.3 Finance – None.
- 5.4 Human Resource – Requirement for staff training.
- 5.5 Equalities – None.
- 5.6 Risk – Will improve risk focus of Internal Audit.
- 5.7 Customer Service – Sets out improvements that should lead to better customer service for internal customers.

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