

Report to	Audit committee 23 September 2014	Item
Report of	Head of internal audit and risk management, LGSS	8
Subject	LGSS internal audit charter and public sector internal audit standards	

Purpose

To note the LGSS internal audit charter

To note the requirement that LGSS internal audit should comply with the Public Sector Internal Audit Standards

Recommendation

To note the LGSS internal audit charter and the results of a self-assessment against the public sector internal audit standards

Corporate and service priorities

The report helps to meet the corporate priority “Value for money services”

Financial implications

None

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

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Background document

Public Sector Internal Audit Standards - Applying the IIA International Standards to the UK Public Sector

Report

Background

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) adopted a common set of Public Sector Internal Audit Standards (PSIAS) from April 2013 and published a local government application note in support. These standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
2. 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;
 - establish the basis for the evaluation of internal audit performance and to drive improvement planning.
3. The purpose, authority and responsibility of internal audit activity must be formally defined in an internal audit charter, consistent with the mandatory elements of the IIA IPPF, which are the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. The head of LGSS internal audit & risk management must periodically review the internal audit charter and present it to senior management and the relevant committees for approval.
4. The existing LGSS internal audit charter was updated to bring it in line with the new standards, and was approved by Northamptonshire County Council's audit committee on 27 February 2014 and by Cambridgeshire County Council's audit and accounts committee on 10 June 2014.
5. The updated charter is attached at annex 1 for members' information.
6. A self-assessment against the new standard has been undertaken (annex 2). Most of the requirements of the new standard were already covered by the former CIPFA *Code of Practice for Internal Audit in Local Government*, but the requirements of the audit charter are more extensive and the update of the charter has been used to encapsulate the changes and ensure that the content conforms to the new standard.
7. Members are asked to note the charter and the results of the self-assessment, which includes any planned development actions required to meet the standards.