

INTERNAL AUDIT CHARTER REPORT

Cabinet Member Cllr Neal Davey
Responsible Officer Audit Team Leader

Reason for Report: To present the Committee with the Internal Audit Charter for the 2013/14 financial year

RECOMMENDATION(S): The Committee approves the Internal Audit Charter for 2013/14 (Appendix A)

Relationship to Corporate & Improvement Plan: A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

Financial Implications: N/A

Legal Implications: N/A

Risk Assessment: By approving the charter the Council should reduce the risk of a potential breach of the Public Sector Internal Audit Standards (PSIAS).

1.0 Introduction

- 1.1 As reported to Committee on 19 March 2013, from 1 April 2013 the PSIAS replace the Code of Practice for Internal Audit in Local Government in the United Kingdom (2006).
- 1.2 It was also reported that the Internal Audit Charter would be presented at this meeting as the CIPFA guidance the *Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards* was not published until 3 April 2013 and this application note together with the PSIAS constitute proper practices for the requirements of the Accounts and Audit Regulations 2011.
- 1.4 The draft Internal Audit Charter which is presented for your approval at Appendix A.

2.0 Internal Audit Charter

- 2.1 The purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.
- 2.2 The Internal Audit Charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical

properties relevant to the performance of engagements; and defines the scope of internal audit activities.

- 2.3 The Audit Team Leader must periodically review the Internal Audit Charter and present it to senior management and the Audit Committee for approval. Final approval of the Internal Audit Charter resides with the Audit Committee.
- 2.4 The Audit Team Leader must effectively manage the internal audit activity to ensure it adds value to the organisation.
- 2.5 The internal audit activity is effectively managed when:
 - The results of the internal audit activity's work achieve the purpose and responsibility included in the Internal Audit Charter;
 - The internal audit activity conforms with the Definition of Internal Auditing and the Standards; and
 - The individuals who are part of the internal audit activity demonstrate conformance with the Code of Ethics and the Standards.
- 2.6 The internal audit activity adds value to the organisation (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.
- 2.7 The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:
 - Integrity and ethical values.
 - Management's philosophy and operating style.
 - Organisational structure.
 - Assignment of authority and responsibility.
 - Human resource policies and practices.
 - Competence of personnel.

3.0 Conclusion

- 3.1 The Internal Audit Charter has been prepared in accordance with the PSIA's in order to fully meet the statutory requirements laid out in section 2 of this report.

Contact for more Information: Catherine Yandle, Audit Team Leader

Circulation of the Report: Cllr Neal Davey and Management Team

List of Background Papers: Audit Committee Update Issue 10, the Seven Principles of Public Life

Internal Audit Charter

1.0 INTRODUCTION

- 1.1 The purpose of this document is to set out the Terms of Reference for the provision of the Internal Audit Service within Mid Devon District Council. This document will be updated periodically as necessary, to ensure that current needs are met, and presented to the Audit Committee for approval.

2.0 DEFINITION OF INTERNAL AUDITING

- 2.1 The Public Sector Internal Audit Standards (PSIAS) which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) define Internal Audit as follows:

“Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resource”.

3.0 CODE OF ETHICS

- 3.1 The Code of Ethics promotes an ethical, professional culture. It does not supersede or replace internal auditors’ own professional bodies’ Codes of Ethics or those of employing organisations. Internal auditors must also have regard to the Committee on Standards of Public Life’s *Seven Principles of Public Life*.
- 3.2 The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable and therefore, the member liable to disciplinary action.
- 3.3 The Audit Team Leader regularly reminds the auditors of their professional and ethical responsibilities.
- 3.4 All Audit staff will act with due professional care ensuring that they are fair and objective, free from any conflicts of interest and abide by professional ethical standards and guidelines as issued by relevant professional institutions.
- 3.5 The key ethical principles are:
- Integrity
 - Objectivity
 - Confidentiality
 - Competence

Internal Audit Charter

3.6 INTEGRITY

3.6.1 Principle

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

3.6.2 Rules of Conduct

Internal auditors:

- Shall perform their work with honesty, diligence and responsibility.
- Shall observe the law and make disclosures expected by the law and the profession.
- Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

3.7 OBJECTIVITY

3.7.1 Principle

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

3.7.2 Rules of Conduct

Internal auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- Shall not accept anything that may impair or be presumed to impair their professional judgement.
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Internal Audit Charter

3.8 CONFIDENTIALITY

3.8.1 Principle

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

3.8.2 Rules of Conduct

Internal auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

3.9 COMPETANCY

3.9.1 Principle

Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

3.9.2 Rules of Conduct

Internal auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- Shall continually improve their proficiency and effectiveness and quality of their services.

4.0 STANDARDS

4.1 PURPOSE, AUTHORITY AND RESPONSIBILITY

4.1.1 The main purpose of internal audit activity is to provide an objective evaluation of, and opinion on, the overall adequacy and effectiveness of an organisation's framework of governance, risk management and control.

4.1.2 To this end Internal Audit is responsible for conducting an independent appraisal of all the Council's activities, financial or otherwise. It provides this service to the Council and all levels of management.

Internal Audit Charter

4.1.3 Internal Audit will provide an Annual Internal Audit Opinion to the Council and will plan and carry out audits and other assurance work in order to deliver this opinion. In addition, Internal Audit will monitor factors that impact on the ability to deliver this opinion and will report to management and to the Audit Committee on issues that materially affect delivery.

4.1.4 The standards refer to “The Board” this is the highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. “Board” may refer to an audit committee to which the governing body has delegated certain functions, which is the case for MDDC for the internal audit activity.

4.1.5 Similarly For “Senior Management” at MDDC this will be Management Team.

4.2 INDEPENDENCE AND OBJECTIVITY

4.2.1 Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. Threats to independence must be managed at the individual auditor, engagement, functional and organisational levels.

4.2.2 Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional and organisational levels.

4.2.3 In order to achieve its objectives effectively, Internal Audit must be seen to be independent and this is achieved by:

- Organisational status of Internal Audit and the objectivity of Internal Audit;
- Internal Audit being totally independent of any service area with the Audit Team Leader reporting directly to the Head of Communities & Governance(HOCCG), a member of Management Team;
- Where Internal Audit is asked to provide any services in a consultancy role, the internal auditor must maintain objectivity and not take on management responsibility;
- The Audit Committee approving the internal audit charter;
- The Audit Committee approving the risk based internal audit plan and
- The Audit Committee receiving Internal Audit Progress updates.

4.2.4 Where an audit relates to an area under the remit of the HOCCG the Audit Team Leader will report direct to the Chief Executive to maintain independence and objectivity.

Internal Audit Charter

- 4.2.5 The Audit Team Leader has direct access to the HOCG (Monitoring Officer), the Chief Executive, the Section 151 Officer, the Leader/Deputy Leader of the Council and the Chairman of the Audit Committee.
- 4.2.6 The Audit Team Leader regularly reports to the Council's Audit Committee in her own name.
- 4.2.7 Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.

4.3 PROFICIENCY AND DUE PROFESSIONAL CARE

- 4.3.1 Engagements must be performed with proficiency and due professional care. Internal auditors must possess the knowledge, skills and other competencies needed to perform their individual responsibilities.
- 4.3.2 The Audit Team Leader must hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced as required by the Statement on the Role of the Head of Internal audit (CIPFA 2010).
- 4.3.3 The Audit Team Leader must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.
- 4.3.4 The Audit Team Leader must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.
- 4.3.5 Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.
- 4.3.6 Internal auditors must exercise due professional care during a consulting engagement by considering the:
- Needs and expectations of clients, including the nature, timing and communication of engagement results;
 - Relative complexity and extent of work needed to achieve the engagement's objectives; and
 - Cost of the consulting engagement in relation to potential benefits.

Internal Audit Charter

- 4.3.7 Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development.
- 4.3.8 The Audit Team Leader must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

4.4 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

- 4.4.1 The Audit Team Leader must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The Audit Team Leader must communicate the results of the quality assurance and improvement programme to senior management and the Audit Committee.
- 4.4.2 Internal assessments must include:
- On-going monitoring of the performance of the internal audit activity against agreed targets ; and
 - Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.
- 4.4.3 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Audit Team Leader must discuss with the board:
- The form of external assessments;
 - The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.
- 4.4.4 Instances of non-conformance must be reported to the board. More significant deviations must be considered for inclusion in the governance statement.
- 4.4.5 External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.
- 4.4.6 The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

4.5 MANAGING THE INTERNAL AUDIT ACTIVITY

- 4.5.1 The Audit Team Leader must effectively manage the internal audit activity to ensure it adds value to the organisation.
- 4.5.2 The internal audit activity adds value to the organisation (and its stakeholders) when it provides objective and relevant assurance, and contributes to the

Internal Audit Charter

effectiveness and efficiency of governance, risk management and control processes.

- 4.5.3 The Audit Team Leader must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework.
- 4.5.4 The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.
- 4.5.5 The Audit Team Leader must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The Audit Team Leader must also communicate the impact of resource limitations.
- 4.5.6 The risk-based plan must explain how internal audit's resource requirements have been assessed.
- 4.5.7 Where the Audit Team Leader believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.
- 4.5.8 The Audit Team Leader must establish policies and procedures to guide the internal audit activity. The form and content of policies and procedures are dependent upon the size and structure of the internal audit activity and the complexity of its work.
- 4.5.9 The Audit Team Leader must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.

4.6 NATURE OF WORK

4.6.1 The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.

4.6.2 Governance

The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organisation;
- Ensuring effective organisational performance management and accountability;

Internal Audit Charter

- Communicating risk and control information to appropriate areas of the organisation; and
- Coordinating the activities of and communicating information among the board, external and internal auditors and management.

4.6.3 The internal audit activity must assess whether the information technology governance of the organisation supports the organisation's strategies and objectives.

4.6.4 Risk Management

Determining whether risk management processes are effective is a judgment resulting from the internal auditor's assessment that:

- Organisational objectives support and align with the organisation's mission;
- Significant risks are identified and assessed;
- Appropriate risk responses are selected that align risks with the organisation's risk appetite; and
- Relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities.

4.6.5 The internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

4.6.6 When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risks.

4.6.7 Control

The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

4.7 ENGAGEMENT PLANNING

4.7.1 Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations.

Internal Audit Charter

4.7.2 In planning the engagement, internal auditors must consider:

- The objectives of the activity being reviewed and the means by which the activity controls its performance;
- The significant risks to the activity, its objectives, resources and operations and the means by which the potential impact of risk is kept to an acceptable level;
- The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model; and
- The opportunities for making significant improvements to the activity's governance, risk management and control processes.

4.7.3 Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities and other client expectations.

4.7.4 Adequate criteria are needed to evaluate governance, risk management and controls. Internal auditors must ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished.

4.7.5 The scope of the engagement must include consideration of relevant systems, records, personnel and physical properties, including those under the control of third parties.

4.7.6 In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.

4.8 PERFORMING THE ENGAGEMENT

4.8.1 Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. Sufficient information is factual, adequate and convincing so that a prudent, informed person would reach the same conclusions as the auditor.

4.8.2 The Audit Team Leader must control access to engagement records.

4.8.3 The Audit Team Leader must develop retention requirements for engagement records, regardless of the medium in which each record is stored.

Internal Audit Charter

4.8.4 Engagements must be properly supervised to ensure objectives are achieved, quality is assured and staff are developed.

4.9 COMMUNICATING RESULTS

4.9.1 Internal auditors must communicate the results of engagements. Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations and action plans.

4.9.2 Final communication of engagement results must, where appropriate, contain internal auditors' opinion and/or conclusions. When issued, an opinion or conclusion must take account of the expectations of senior management, the board and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.

4.9.3 When releasing engagement results to parties outside the organisation, the communication must include limitations on distribution and use of the results.

4.9.4 Communications must be accurate, objective, clear, concise, constructive, complete and timely.

4.9.5 Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial and unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances. Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy and wordiness. Constructive communications are helpful to the engagement client and the organisation and lead to improvements where needed. Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.

4.9.6 The Audit Team Leader is responsible for communicating the final results to parties who can ensure that the results are given due consideration.

4.9.7 If a final communication contains a significant error or omission, the Audit Team Leader must communicate corrected information to all parties who received the original communication.

4.9.8 Internal auditors may report that their engagements are "conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*", only if the results of the quality assurance and improvement programme support the statement.

Internal Audit Charter

4.9.9 The Audit Team Leader delivers an annual internal audit opinion and report to the Audit Committee in June that can be used by the organisation to inform its governance statement.

4.9.10 The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

4.9.11 The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

5.0 MONITORING PROGRESS

5.1 When the Audit Team Leader concludes that management has accepted a level of risk that may be unacceptable to the organisation, the Audit Team Leader must discuss the matter with senior management. If the Audit Team Leader determines that the matter has not been resolved, the Audit Team Leader must communicate the matter to the board. It is not the responsibility of the Audit Team Leader to resolve the risk.

5.2 The Audit Team Leader must monitor and report on progress in achieving agreed actions to the board

6.0 FRAUD AND CORRUPTION

6.1 The Internal Audit Service is not responsible for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is the responsibility of management.

6.2 The Audit Team Leader should be informed of all suspected or detected fraud, corruption or impropriety and will consider the implications for her opinion on the adequacy and effectiveness of the relevant controls, and the overall internal control environment.

The seven principles of public life

The principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, courts and probation services, NDPBs, and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

January 2013

CIPFA Better Governance Forum

Audit Committee Update

- helping audit committees to be effective

Issue 10

Public Sector Internal Audit Standards

Regular briefing on current issues

March 2013

Introduction

Dear Audit Committee Member,

This is the 10th issue of Audit Committee Update. It contains a briefing about the new Public Sector Internal Standards that come into effect from 1 April 2013. The standards are mandatory for the providers of internal audit in specified public sector organisations. As audit committees play a significant role in the oversight of internal audit and depend on the assurances received by internal audit, this is a significant development for the audit committee to understand. This article is rather longer than our normal briefings because of the need to cover some of the details in the standards.

In addition we include our round up of developments to help keep you informed and up to date. The round up includes a number of developments in the fields of governance, risks and counter fraud so I am sure you will find topics of interest and use here.

Best wishes

Diana Melville
CIPFA Better Governance Forum

Previous Issues of Audit Committee Update

You can download all the previous issues from the CIPFA Better Governance Forum website. The earlier issues are on the archive site. Click on the links below to find what you need.

Issue Number	Principal Content	Website Link
1	Reviewing the audit plan	Issue 1
2	Reviewing the annual governance statement	Issue 2
3	Countering Fraud	Issue 3
4	Strategic risk management, Governance risks in 2011, Role of the Head of Internal Audit	Issue 4
5	Understanding the impact of IFRS on the accounts, Key findings from CIPFA's survey of audit committees in local government	Issue 5
6	Partnerships from the audit committee perspective	Issue 6
7	Assurance planning, Risk outlook for 2012, Government response to the future of local audit consultation	Issue 7
8	Commissioning, procurement and contracting risks	Issue 8
9	Reviewing assurance over value for money	Issue 9

Workshops and Training for Audit Committee Members in 2013 from CIPFA

Advanced Audit Committees

Have you cracked the basics? Then how about your role in relation to value for money, countering fraud and treasury management?

19 June London

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This course provides board or elected members with the knowledge, skills and confidence to be effective board members.

8 May Cardiff; 2 July London

Audit Committees and the new Police Governance Arrangements

A special half day briefing for audit committee members under the new police governance arrangements from CIPFA's Police Network and the Better Governance Forum.

2 May London; 8 May Leeds

CIPFA Audit Conference, 22 and 23 May 2013, York

The leading audit event in the public sector calendar provides strategic insight and practical support for those working in public sector audit. Early bird booking offers available until 2 April. Day attendance is available using a pre-paid place.

Speakers include: Professor Colin Talbot, Manchester Business School, Dr Emma Stone, Joseph Rowntree Foundation, Ian Carruthers, CIPFA, Gareth Neal, Information Commissioners Office

[View the programme and details of speakers](#)

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<http://www.cipfa.org/Events>

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An Introduction to the Public Sector Internal Audit Standards (PSIAS)

The Relevant Internal Audit Standards Setters¹ for the public sector agreed that from 1 April 2013 there shall be a common set of internal audit professional standards across the sectors. The standards encompass the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework. Additional requirements and interpretations for the UK public sector have been included where required. The work in compiling the standards has been guided by an advisory board² made up of internal audit practitioners from across the public sector.

The UK Public Sector Internal Audit Standards (PSIAS) replace previous codes and standards, including the *Code of Practice for Internal Audit in Local Government* published by CIPFA and the *Government Internal Audit Standards (GIAS)*.

While the PSIAS come into force from April it is not expected that all elements will be in place on day one. Many of the standards apply to activities that will happen later on in the audit year, for example audit reports, annual audit reporting and quality assurance and improvement processes. Some of the standards will need to be addressed early on however, in particular the development and approval of the audit charter and the completion of the risk-based audit plan.

The PSIAS comprise the definition of internal audit, a code of ethics and a series of attribute and performance standards. The new definition of internal audit is:

'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.'

The full standards are available to download from the CIPFA website.

CIPFA is also publishing a *Local Government Application Note (LGAN)* to support internal auditors transferring from the CIPFA Code of Practice to the PSIAS. The Application Note includes a checklist for assessing conformance with the PSIAS and LGAN which can be used to support the external assessment requirements of the PSIAS. This publication will be available from the CIPFA shop shortly.

Proper practices for local government

The Department for Communities and Local Government (CLG) has given both the PSIAS and LGAN the status of "proper practices" for internal audit in organisations covered by the Accounts and Audit Regulations 2011. This includes local authorities, police and fire bodies in England.

¹ The Relevant Internal Audit Standard Setters are: HM Treasury in respect of central government; the Scottish Government, the Department of Finance and Personnel Northern Ireland and the Welsh Government in respect of central government and the health sector in their administrations; the Department of Health in respect of the health sector in England (excluding Foundation Trusts); and the Chartered Institute of Public Finance and Accountancy in respect of local government across the UK.

² Internal Audit Standards Advisory Board, see <http://www.cipfa.org/Policy-and-Guidance/Technical-Panels-and-Boards/UK-Public-Sector-Internal-Audit-Standards-Advisory-Board>

PSIAS – The Role of the Audit Committee

The following article identifies the key aspects of the PSIAS that will be of most interest to an audit committee member. It is not a complete summary of all the standards but it does highlight those where there is most likely to be engagement between internal audit and the audit committee.

Key concepts

The PSIAS use the term 'the board' throughout the standards to define particular governance and accountability roles. It is recognised that in different organisations the application of who the board is will be different but CIPFA expects that in many cases it will be appropriate to consider the audit committee as undertaking these roles.

In adopting the standards each organisation needs to define who will be undertaking the roles.

The following analysis identifies some of the key aspects of the PSIAS and highlights those areas where the audit committee could fulfil what is required from 'the board' in the PSIAS. A comments section suggests how the standards might relate to existing practices or how they can be further developed.

Please note that it is up to each organisation to set out in the internal audit charter which body will undertake the role of the board. The following table includes suggestions of how the role of the board could be applied to the audit committee. Reference should always be made to the original standards and LGAN when drawing up the charter.

PSIAS areas of interest	Potential role of the audit committee	Comments
<p>Code of Ethics</p> <p>The four components of the code of ethics are:</p> <ol style="list-style-type: none"> 1. integrity 2. objectivity 3. confidentiality 4. competency <p>Public sector requirement</p> <p>Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.</p>	<p>The audit committee should be aware of the requirement on internal auditors to conform to the code of ethics in addition to the code of ethics of their professional institute.</p>	<p>The seven principles of public life are often incorporated into internal codes of conduct, so internal auditors may already be required to comply with these. Where internal audit is a contracted service this may be a requirement of the service specification.</p>

PSIAS areas of interest	Potential role of the audit committee	Comments
Attribute standards		
<p>Internal audit charter The charter defines the internal audit activity's purpose, authority and responsibility. It also:</p> <ul style="list-style-type: none"> establishes the internal audit activity's position within the organisation the chief audit executive's functional reporting relationship with the board authorises access to records, personnel and physical properties and defines the scope of internal audit activities. <p>(1000 Purpose, Authority and Responsibility)</p> <p>The LGAN requires the role of the statutory officers in relation to internal audit to be defined in the charter.</p>	<p>The charter needs to define the terms 'board' and 'senior management' for the purposes of internal audit activity so the charter will need to define when the audit committee will act as 'the board'.</p> <p>Approval is by the board.</p>	<p>Given the audit committee's responsibilities for the oversight of the audit process it would be expected that the audit committee would review the charter.</p>
<p>Independence and objectivity</p> <p>To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. (1100 Independence and Objectivity)</p> <p>The chief audit executive (CAE)³ must confirm to the board, at least annually, the organisational independence of the internal audit activity. (1110 Organisational Independence)</p>	<p>Functional reporting that could be undertaken by the audit committee to ensure the organisational independence of internal audit include:</p> <ul style="list-style-type: none"> approving the charter approving the risk based internal audit plan approving the internal audit budget and resource plan receiving communications from the chief audit executive on the internal audit activity's performance making appropriate enquiries to determine whether there are inappropriate scope or resource limitations. 	<p>It is likely that the audit committee already undertakes these roles and that they are set out in both the existing internal audit and audit committee terms of reference. The latter document may need updating to incorporate the PSIAS.</p> <p>The audit committee should ensure that when it undertakes these tasks it is mindful of the importance of ensuring the independence of internal audit.</p> <p>The standards also include two further functional reporting roles:</p> <ul style="list-style-type: none"> approving decisions regarding the appointment and removal of the chief audit executive

³ The 'chief audit executive' is the title used in PSIAS to refer to the head of internal audit.

PSIAS areas of interest	Potential role of the audit committee	Comments
	The public sector requirement states that the CAE should have unfettered access to the chair of the audit committee.	<ul style="list-style-type: none"> • approving the remuneration of the chief audit executive. <p>The public sector requirement is that as a minimum feedback from the chair of the audit committee should be sought for the performance appraisal of the CAE.</p> <p>Other options could be the involvement of the chair in the recruitment of a new CAE.</p>
<p>Impairment to independence or objectivity</p> <p>If independence or objectivity is impaired, details must be disclosed to appropriate parties.</p> <p>Public sector requirement 'Approval must be sought from the board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement.'</p> <p>(1130 Impairment to Independence or Objectivity)</p>	<p>Impairment to independence and objectivity, including conflicts of interest, should be reported to the audit committee.</p> <p>As well as discussing retrospectively with the CAE the performance of internal audit against the plan, the audit committee should monitor and approve plans that could potentially divert internal audit resources away from planned assurance work.</p>	<p>Note the PSIAS cover the 'appearance' of impairment as well as actual impairment.</p> <p>Some discussion might be needed to agree what the definition of 'significant' might be.</p> <p>Where audit committees meet less frequently than once per month, a practical arrangement might be for the approval to be given by the chair of the audit committee and reported at the next meeting.</p>
<p>Proficiency and due professional care</p> <ul style="list-style-type: none"> • Internal auditors must possess the knowledge, skills and other competencies needed to perform their individual responsibilities. • Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. • Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development. <p>(1200 Proficiency and Due Professional Care)</p>	<p>There are no specific requirements on the audit committee from this section of the standards, although the audit committee should be aware of what is required from its internal team.</p> <p>There is a public sector requirement that states: 'The chief audit executive must hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.'</p>	<p>The audit committee will wish to consider this, for example if it contributes to the recruitment of a new CAE.</p>

PSIAS areas of interest	Potential role of the audit committee	Comments
<p>Quality Assurance and Improvement Programme (QAIP)</p> <p>The quality assurance and improvement programme (QAIP) must include both internal and external assessments.</p> <p>Internal:</p> <ul style="list-style-type: none"> On-going performance monitoring. Periodic self-assessments. <p>External:</p> <ul style="list-style-type: none"> At least once every five years by a qualified, independent assessor from outside the organisation. <p>Public sector requirement The chief audit executive must agree the scope of external assessments with an appropriate sponsor, eg the Accounting/Accountable Officer or chair of the audit committee.</p> <p>Public sector requirement The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.</p> <p>Public sector requirement Instances of non-conformance must be reported to the board. More significant deviations must be considered for inclusion in the governance statement.</p> <p>(1300 Quality Assurance and Improvement Programme)</p>	<p>The chief audit executive must discuss with the board the:</p> <ul style="list-style-type: none"> form of external assessments qualifications and independence of the external assessor. <p>In local government the audit committee will need to bear in mind that internal audit need to conform with the <i>Local Government Application Note</i> also.</p>	<p>The audit committee probably already receives performance information about the internal audit function, during the year and also in the annual report of the head of internal audit.</p> <p>To meet the QAIP the requirement is to review the compliance against the PSIAS. The audit committee should review the scope of the external assessment and be satisfied with the appointment of the external assessor. It should then receive the reports and findings of both the internal and external assessments.</p> <p>For local government there is a requirement to review annually the effectiveness of internal audit to support the annual governance statement under the Accounts and Audit (England) Regulations 2011.</p> <p>This review may cover wider governance arrangements in order to judge 'effectiveness'. For example the effectiveness of the audit committee itself in progressing internal audit issues could be included.</p>

PSIAS areas of interest	Potential role of the audit committee	Comments
Performance Standards		
<p>Managing the internal audit activity</p> <p>The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.</p> <p>Public sector requirement</p> <p>The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework.</p> <p>(2000 Managing the Internal Audit Activity)</p>	<p>The input of senior management and the board must be considered in the documentation of the risk assessment.</p>	<p>It would seem reasonable for the CAE to consult the audit committee on the risks facing the organisation and for this to be included in the risk assessment informing the risk-based plan.</p> <p>The audit committee is likely to be the principal audience for the annual internal audit opinion, so it is important that the audit committee is clear about the audit work underpinning this. The annual internal audit opinion will form a significant part of meeting the audit committee's own assurance needs.</p>
<p>Managing the internal audit activity</p> <p>The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval.</p> <p>(2020 Communication and Approval)</p> <p>The chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.</p> <p>Public sector requirement</p> <p>The risk-based plan must explain how internal audit's resource requirements have been assessed. Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.</p> <p>(2030 Resource Management)</p>	<p>The audit committee is likely to receive the plan for approval and should be advised of significant changes during the year.</p> <p>When reviewing the plan it should be clear to the audit committee what the resource requirements are to deliver the plan.</p> <p>It is the responsibility of the CAE to bring to the committee's attention any concerns about resources and especially the impact on the internal audit opinion.</p>	<p>The issue of resourcing is difficult to define as it is based on the risk assessment of the organisation and the need for assurance, including the needs of the audit committee itself, combined with the professional judgement of the CAE. Resourcing requirements cover not just numbers of staff but also the knowledge, skills and experience of the internal audit team and the extent to which the team can place reliance on other sources of assurance.</p> <p>Realistically, internal audit resources will come under pressure when the organisation has to undertake significant cost-cutting as a result of budget pressures.</p> <p>The audit committee can play an important part in ensuring that professional standards are maintained, assurance needs are properly assessed and that resource levels are not compromised unduly.</p>

PSIAS areas of interest	Potential role of the audit committee	Comments
<p>Reporting to senior management and the board</p> <p>Periodic reports should include the following:</p> <ul style="list-style-type: none"> • internal audit activity’s purpose, authority, responsibility and performance relative to its plan • significant risk exposures and control issues, including fraud risks, governance issues and • other matters needed or requested by senior management and the board <p>(2060 Reporting to Senior Management and the Board)</p>	<p>The audit committee should ensure that its agendas provide for regular reports from internal audit and that the reports include the matters specified in the standards.</p>	
<p>Nature of work</p> <p>The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.</p> <p>Aspects of internal audit work include:</p> <ul style="list-style-type: none"> • the governance process • ethical governance • IT governance • the effectiveness of risk management processes. <p>Evaluation of risks and control measures relating to:</p> <ul style="list-style-type: none"> • achievement of strategic objectives • reliability and integrity of financial and operational information • effectiveness and efficiency of operations and programmes • safeguarding of assets • compliance with laws, regulations, policies, procedures and contracts • the potential for fraud and how the organisation manages fraud risk. <p>(2100 Nature of Work)</p>	<p>The audit committee should understand the nature of internal audit work and the expectation of professional standards to provide assurance over the full range of governance, risk management and control processes.</p> <p>This will be of particular significance when reviewing the risk-based plan.</p>	<p>The committee should look for coverage of the specific areas listed when reviewing the audit plan, while remembering that the plan is risk-based and cannot hope to include comprehensive assurance over every risk and control process.</p> <p>Where it is not clear why a significant risk area is not covered the audit committee should seek an explanation.</p>

PSIAS areas of interest	Potential role of the audit committee	Comments
<p>Engagement planning</p> <p>Internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing and resource allocations.</p> <p>Adequate criteria are needed to evaluate governance, risk management and controls.</p> <p>Public sector interpretation</p> <p>In the public sector, criteria are likely to include value for money.</p> <p>(2200 Engagement Planning)</p>	<p>There are no specific requirements for the audit committee in respect of this section of the standards, although it is helpful for audit committee members reviewing the findings of audit reports to be aware of how the standards shape the content of the audit.</p>	<p>In respect of the public sector interpretation regarding value for money, audit committees may wish to discuss with their internal audit providers how internal audit provide assurance over value for money and what other sources of assurance are available.</p>
<p>Performing the engagement</p> <p>Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement’s objectives.</p> <p>(2300 Performing the Engagement)</p>	<p>There are no specific responsibilities for the audit committee in respect of this standard other than to recognise the importance of obtaining robust and reliable evidence to support the audit’s conclusions.</p>	
<p>Communicating results</p> <p>Internal auditors must communicate the results of engagements.</p> <p>Communications must include the engagement’s objectives and scope as well as applicable conclusions, recommendations and action plans.</p> <p>Public sector requirement</p> <p>The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.</p> <p>The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.</p>	<p>Audit committees will be familiar with receiving the results of audits in either full or summary reports. This will continue under PSIAS.</p> <p>The audit committee would normally receive the annual internal audit opinion. The opinion must comply with the public sector requirements laid out in the PSIAS.</p>	<p>The timing of the annual opinion will need to be planned to fit in with the reporting timetable for the annual governance statement and so should be planned for audit committee meetings accordingly.</p>

PSIAS areas of interest	Potential role of the audit committee	Comments
<p>The annual report must incorporate:</p> <ul style="list-style-type: none"> the opinion a summary of the work that supports the opinion and a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme. <p>(2400 Communicating Results)</p>		
<p>Monitoring progress</p> <p>The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.</p> <p>(2500 Monitoring Progress)</p>	<p>The PSIAS require a follow up process but do not specify that process should include the audit committee.</p>	<p>The follow up of audit recommendations is a common area reviewed by audit committees.</p> <p>Good practice for audit committee suggests that this is an area where the committee can have an impact on the risk and control environment of the organisation and where the committee can add value to the effectiveness of the audit process.</p>
<p>Communicating the acceptance of risks</p> <p>When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.</p> <p>(2600 Communicating the Acceptance of Risks)</p>	<p>There is a role for the audit committee to review those risks accepted by management, where the CAE has concerns that the level of risk to the organisation may be unacceptable.</p>	<p>The terms of reference of the audit committee may include the review of actions recommended by internal audit and the effectiveness of control measures by the managers responsible. For example, audit committees may review key areas of risk and discuss with the managers responsible how audit recommendations are being implemented or alternatives considered.</p>

Key questions to ask

1. What is the organisation's plan for adopting the standards from April 2013?
2. Are there any changes the audit committee needs to make to its terms of reference or its approach to support the implementation of the standards?
3. Does the chief audit executive have any concerns about conformance with the standards? Will an action plan be developed to implement any changes required and achieve conformance by the end of March 2014?
4. Are the roles and responsibilities of 'the board' clearly allocated to the audit committee or other body?
5. What opportunities are there to improve the effectiveness of internal audit within the organisation?

Diana Melville
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CIPFA Better Governance Forum

Developments you may need to know about:

Annual governance statements, new Addendum for 2012/13 statements

A new addendum has been issued to guide the development of 2012/13 annual governance statements for local government bodies, including police and fire. The addendum is a result of a review carried out by the CIPFA/SOLACE joint working group that included representatives from a number of local authorities. The review provided an opportunity to review the quality of the statements produced as well as consider the impact of new legislation, professional developments and changes impacting on governance in local authorities.

Key messages from the addendum:

- The annual governance statement should be high level, strategic and written in an open and readable style.
- It should be focused on outcomes and value for money and relate to the authority's vision for the area.
- The review of effectiveness part of the statement includes a clearer conclusion that arrangements 'continue to be regarded as fit for purpose in accordance with the governance framework'.

The addendum also highlights developments that should be taken into consideration when reviewing the effectiveness of the governance arrangements. The key areas of change include:

- ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- reviewing the effectiveness of the decision making framework
- demonstrating clear accountability in the management of risk
- ensuring effective management of change and transformation
- ensuring effective arrangements for the discharge of statutory functions – head of paid service and monitoring officer
- ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer
- ensuring the authority's assurance arrangements conform with the governance requirement of the *CIPFA Statement on the role of the Head of Internal Audit*.

The new addendum is available to download from the CIPFA website. [Addendum, 2012](#). It is accompanied by a briefing note for local authority leaders.

Delivering Good Governance in Local Government, Guidance Note for English Authorities, 2012 edition

CIPFA's new publication is an updated edition of the guidance note that was published to support the governance framework. The new edition contains a section covering developments and legislation since the 2007 edition and new material on:

- governance in authorities sharing chief executives and management teams
- the audit committee role in governance and value for money and ensuring effectiveness
- counter fraud arrangements
- the governance of risk
- maintaining standards.

The publication also includes examples of annual governance statements and an updated schedule to support the annual review. The publication is available for purchase from the CIPFA shop. [Guidance Note 2012 edition](#)

Delivering Good Governance in Local Government, Guidance Note for Police, 2012 edition

This edition contains some of the same material as the updated guidance note for local authorities but its primary focus is to address the changes in police governance as a result of the introduction of police and crime commissioners. The publication is available for purchase from the CIPFA shop. [Guidance Note of Police 2012 edition](#)

Assurance Frameworks, new guidance from HM Treasury

HM Treasury has issued new guidance on assurance frameworks setting out how the framework should support the annual governance statement in central government bodies. The guidance also sets out the role of the audit and risk assurance committee in monitoring assurance and challenging the management of risk. [Assurance Frameworks](#)

Local Government and NHS Governance Reviews 2013

Grant Thornton have published the second annual reviews of governance in the NHS and local government. As well as assessing governance arrangements and the annual governance statement, the reports examine how successfully governance matters are communicated to stakeholders:

- [Grant Thornton Local Government Review](#)
- [Grant Thornton NHS Governance Review](#)

Financial resilience and sustainability

The financial challenges facing the public sector have brought the resilience of the organisations to budget pressures under scrutiny. A number of reviews have been undertaken. These provide helpful context for the sectors and can help understanding of future challenges:

- [Financial Sustainability of Local Authorities \(National Audit Office, 2013\)](#)
- [Tough Times \(Audit Commission, 2012\)](#)
- [NHS Financial Year 2011/12 \(Audit Commission, 2012\)](#)
- [Health Finances Update \(Wales Audit Office, 2012\)](#)
- [NHS Financial Performance 2011/12 \(Audit Scotland, 2012\)](#)
- [Towards a Tipping Point? \(Grant Thornton, 2012\)](#)

Ad hoc parliamentary committee report on the Draft Local Audit Bill

The ad hoc committee formed to provide parliamentary scrutiny of the draft Local Audit Bill issued its report in January 2013. The report makes several key recommendations over how the bill should be developed. These include:

- that a capacity is retained whose functions are limited to the procurement of audit
- the provisions for auditor panels are replaced with a statutory requirement for strengthened audit committees which have an independent chair and a majority of independent members (if local procurement goes ahead)
- the Bill should be redrafted to include a systematic process to enable benchmarking and like-for-like comparisons between public bodies in the new regime.

Alongside the report are the oral and written evidence considered by the panel. These include a written statement from the Department of Health (DH) that sets out proposals, for the first time, how clinical commissioning groups and NHS trusts that are not yet foundation trusts will appoint their auditors. The DH proposes that the statutory audit committees will be responsible for recommending the appointment of the external auditor rather than a separate auditor panel. CLG has not yet formally responded to the committee report. [Committee report and evidence submitted to the committee](#)

Fighting Fraud Locally 2012 Review

The Fighting Fraud Locally Strategic Board has published a report setting out the progress made since the launch of the counter-fraud strategy for local government. The report includes updates on the tools made available to support counter-fraud work and on the working groups and pilots. There are some very helpful case studies demonstrating achievements in preventing and detecting fraud, including some substantial savings achieved.

[Fighting Fraud Locally 2012 Review](#)

CIPFA Counter-Fraud Benchmarking Club Summary Report 2012

This new benchmarking club was launched in 2012 to support the development of good practice in counter fraud. The summary report provides highlights of some of the findings of the club and an overview of developments impacting on counter fraud in the public sector. On average the organisations taking part in the benchmarking club provided 3.3 days of counter-fraud activity for every £m the organisation spent in the financial year 2011/12. There were considerable variations across the group though. More information is available in the report.

[Benchmarking Summary Report](#)

Protecting the Public Purse 2012

The Audit Commission's annual report on the findings of their comprehensive fraud survey included the key message that local authorities are responding to the fraud risks they face. Increased amounts of fraud are being detected across a range of different fraud types. In 2011/12 local authorities in England detected 124,000 cases of fraud valued at £179m. However the report showed that there is still more that could be done and that there are opportunities to learn from initiatives taken within the sector. The report highlights emerging fraud risks for the sector and recommends a number of actions to support improvement.

[Protecting the Public Purse 2012](#)

Information governance

The Information Commissioner's Office (ICO) has continued to warn local government and health bodies about the need to improve their management of personal data. The ICO published summary audit reports based on their findings from audits across a number of public sector bodies. These reports identify a number of common failings.

[ICO reports](#)

The Audit Committee Cycle

Challenging malpractice and bad governance

In the light of scandals such as the Mid-Staffs hospital and Winterbourne View home there has been much discussion about the effectiveness of systems for raising concerns, or whistleblowing. Public bodies generally have a good record of putting in place appropriate procedures but their effectiveness in encouraging concerns to be raised or following through may not be as robust. Sometimes the culture of an organisation is identified as being a barrier to the raising of concerns, regardless of whether the concerns relate to abuse, quality failures, fraud or some other conduct or governance matter.

When reviewing the effectiveness of their governance this might be an area that audit committees could review or seek assurance on. High standards of conduct and behaviour are an essential part of an effective governance framework, regardless of the organisation type.

Audit planning

Audit plans are likely to come before the committee for approval in the next few months. Key issues to bear in mind when reviewing the plan are:

- the requirements of the Public Sector Internal Audit Standards including nature of work and the need to provide an annual opinion
- the risk profile of the organisation
- the assurance framework of the annual governance statement and the contribution the internal audit plan will make to that.

Issue 1 of Audit Committee Update focused on audit planning and the issues the committee should consider when reviewing the plan. Copies of this issue are available on the Better Governance Forum website (archive).

http://www.cipfanetworks.net/governance/documentation/default_view.asp?library=160&category=1272&content_ref=11243

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