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## **INTERNAL AUDIT SELF-ASSESSMENT**

To: **Governance and Audit Committee - 20 March 2014**

By: **Chief Executive**

Subject: **REPORT OF THE HEAD OF THE AUDIT PARTNERSHIP  
INTERNAL AUDIT SELF-ASSESSMENT**

Classification: **Unrestricted**

Ward: **Thanet Wide**

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**Summary:** To assist the s151 Officer with their review of the Effectiveness of the System of Internal Control and to inform members of the results of the self-assessment against the PSIAS which were effective from April 2013.

### **For Information**

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#### **1.0 Introduction and Background**

- 1.1 From 1<sup>st</sup> April 2013 the EKAP has been working to the Public Sector Internal Audit Standards (PSIAS), defined as the proper practice for Internal audit in the UK Public Sector. A mandatory local government sector-specific application note issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) supplements the Standards.
- 1.2 Previously the East Kent Audit Partnership worked to fulfil the requirements of the CiPFA Code of Practice for Internal Audit in the UK 2006. Members will recall that a self-assessment was carried out annually and any improvement actions would be noted in the Effectiveness of Internal Audit Review conducted by your s.151 Officer. Our level of compliance with professional standards was also reported on our Balance Scorecard of Performance Indicators.
- 1.3 The last detailed independent External Assessment of how well EKAP complied with the then CiPFA Code was conducted by the Audit Commission in 2009-10. That review found some minor housekeeping improvements, which were all successfully addressed.

#### **2.0 Self-Assessment Against the Public Sector Internal Audit Standards**

- 2.1 The Head of the Audit Partnership has undertaken a self-assessment to demonstrate the extent to which the service complies with the PSIAS (and supplementary application note) and to identify any areas where further work was required to demonstrate compliance.
- 2.2 This review, therefore notes the changes from the previous to the new standard and the resultant action plan addresses the areas that are required before the EKAP can accurately use the phrase "conforms with the International Standard for the Professional Practice of Internal Auditing".

2.3 The PSIAS are broken down into two main areas

- **Attribute Standards** address the characteristics of organisations performing the Internal Audit activities.

**Standard 1000 – Purpose, Authority and Responsibility**

**Standard 1100 – Independence and Objectivity**

**Standard 1200 – Proficiency and Due Professional Care**

**Standard 1300 – Quality Assurance and Improvement Programme**

- **Performance Standards** describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated.

**Standard 2000 – Managing the Audit Activity**

**Standard 2100 – Nature of Work**

**Standard 2200 – Engagement Planning**

**Standard 2300 – Performing the Engagement**

**Standard 2400 – Communicating Results**

**Standard 2500 – Monitoring Progress**

**Standard 2600 – Communicating the Acceptance of Risks**

2.4 The Action Plan records those improvements required to comply with the new standard. The self-assessment therefore concludes that EKAP complies in all other areas. A full copy of the PSIAS can be downloaded free at;

<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

### **3.0 Next Steps**

3.1 The progress towards achieving the improvement actions contained in the Action Plan shown as Annex 1 will be reported in the annual report brought to the Committee in June. Additionally, the new standards only require an Audit Charter, so an updated Charter incorporating the (currently separate) Audit Strategy will also be presented to the June Meeting.

### **4.0 Corporate Implications**

#### **4.1 Financial Implications**

4.1.1 There are no additional financial implications arising directly from this report. The costs of the audit work will be met from the Financial Services 2014/15 budget and are detailed in the attached report.

#### **4.2 Legal Implications**

4.2.1 The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.

#### **4.3 Corporate Implications**

4.3.1 Under the Local Code of Corporate Governance accepted by Cabinet, the Council is committed to comply with requirements for the independent review of the financial

and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit.

## 5.0 **Recommendation**

5.1 That Members note the content of the report and the actions required to work towards full compliance with the PSIAS.

Contact Officers:	Christine Parker, Head of the Audit Partnership, ext. 7190
	Simon Webb, Deputy Head of Audit, ext 7190
Reporting to:	Sue McGonigal, Chief Executive (s.151 Officer) Ext. 7790

## **Annex List**

Annex 1	Action Plan for the Self-Assessment
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## **Background Papers**

<b>Title</b>	<b>Details of where to access copy</b>
Public Sector Internal Audit Standards	A full copy of the PSIAS can be downloaded free at;  <a href="http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-standards">http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-standards</a>
Internal Audit working papers	Held by the East Kent Audit Partnership.
CIPFA Local Government Application Note CIPFA Checklist for Self-Assessment IIA Checklist for Self-Assessment	Copy purchased and held by EKAP

## **Corporate Consultation Undertaken**

Finance	N/A
Legal	N/A