

WELWYN HATFIELD COUNCIL

AUDIT COMMITTEE – 25TH JULY 2016

REPORT OF THE DIRECTOR (FINANCE AND OPERATIONS)

PUBLIC SECTOR INTERNAL AUDIT STANDARDS – MANAGEMENT
CONFIRMATION

1 Executive Summary

- 1.1 This report presents at paragraph 1.2 (below) management's confirmation to the Audit Committee, as is required in terms of the Public Sector Internal Audit Standards (PSIAS), that there has been no inappropriate scope or resource limitations on internal audit activity.
- 1.2 The Director (Finance and Operations), in their capacity as Section 151 Officer, confirms that there have been no inappropriate scope or resource limitations on internal audit activity during 2015/16.
- 1.3 This concurs with the opinion of the Shared Internal Audit Service (SIAS) Head of Assurance in the SIAS annual report that there have been no inappropriate scope or resource limitations on internal audit activity.

2 Recommendations

- 2.1 That the Audit Committee:-
 - (a) notes management confirmation, as is required in terms of the Public Sector Internal Audit Standards (PSIAS), that there have been no inappropriate scope or resource limitations on internal audit activity, and
 - (b) accepts the management confirmation when the Head of Assurance's annual report is considered.

3 Background

- 3.1 In May 2011, the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) agreed to collaborate in the development of the internal audit profession in the public sector. As a result, national PSIAS, based upon the mandatory elements of the global CIIA's International Professional Performance Framework have been developed.
- 3.2 The PSIAS became effective from 1 April 2013 and consist of the following:
 - Definition of Internal Auditing,
 - Code of Ethics, and
 - Standards for the Professional Practice of Internal Auditing.

- 3.3 The above standards have been revised from 1 April 2016 to incorporate the Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing.
- 3.4 The PSIAS replace the Code of Practice for Internal Audit in Local Government in the United Kingdom, last revised in 2006. In local government, the PSIAS are mandatory for all principal local authorities and other relevant bodies subject to the Accounts and Audit (England) Regulations 2015. They are also mandatory for the Office of the Police and Crime Commissioner, constabularies, fire authorities, national park authorities, joint committees and joint boards in the United Kingdom. The PSIAS apply to all internal audit service providers, whether in-house, shared services or outsourced.

4 Financial Implication(s)

- 4.1 There are no financial implications as a result of the recommendations of this report.

5 Link to Corporate Priorities

- 5.1 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 and priorities by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

6 Legal Implication(s)

- 6.1 There are no legal implications as a result of the recommendations of this report.

7 Climate Change Implication(s)

- 7.1 There are no climate change implications as a result of the recommendations of this report.

8 Risk Management Implication(s)

- 8.1 A risk assessment has not been prepared in relation to the contents of this report as there are no significant risks inherent in the proposals.

9 Explanation

- 9.1 The standards are intended to promote further improvement in the professionalism, quality and effectiveness of internal audit across the public sector. They reaffirm the importance of robust, independent and objective internal audit arrangements to provide Audit Committees and Senior Management with the key assurances they need to support them both in managing the organisation and in producing the annual governance statement.
- 9.2 One of the key requirements of the standards is that the chief audit executive (Head of Assurance) must confirm to the committee, at least annually, the organisational independence of the internal audit activity. The Head of Assurance will provide this assurance in the annual report and this officer report provides the required formal management assurance when the Committee considers the annual report.

10 Equality and Diversity

- 10.1 An equalities impact assessment has not been carried out as there are no proposals within this report that are likely to have a differential impact on diverse communities.

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