

REPORT OF SERVICE DIRECTOR, FINANCE AND PROCUREMENT**STATEMENT ON CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL
AUDIT STANDARDS****Purpose of the Report**

1. To review the level of compliance of the system of Internal Audit with the Public Sector Internal Audit Standards and approve the actions proposed.

Information and Advice

2. The Public Sector Internal Audit Standards (PSIAS) came into force from 1st April 2013. One of the requirements of the standards is to report the results of the quality assurance and improvement programme to senior management and the Board (ie Audit Committee) at least annually.
3. The PSIAS are derived from international standards. As such, they set out clear principles for professional practice. The practical implementation of the standards for local government in the United Kingdom has been further developed by CIPFA who have published the Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards. In order to satisfy proper internal audit practices, there is a requirement to comply with the Standards and the Local Government Application Note.
4. The Standards and Application Note are necessarily technical and extensive. The Application Note sets out a detailed checklist of individual areas that need to be considered when coming to a view of the level of conformance with the PSIAS. A copy of the checklist is attached as **Appendix A** and includes an internal assessment completed by the Head of Internal Audit.
5. The checklist includes over 330 items. The internal assessment confirms that for the vast majority of items, over 96%, the Authority complies with the PSIAS and Application Note.
6. Where the Authority does not comply there is a requirement to set out an improvement programme to bring the Authority into compliance, or where the Authority determines that it is not appropriate to comply, that there is an exception and the reasons for this. The quality assurance and improvement programme (QAIP) sets out the areas of non-compliance and the proposed action to be taken. The QAIP is attached as **Appendix B**.

Other Options Considered

7. There is a mandatory requirement for the Authority to comply with the Public Sector Internal Audit Standards and the Application Note. No other options have been considered.

Reason/s for Recommendation/s

8. To provide information to Members on the Public Sector Internal Audit Standards, the Local Government Application Note and the Head of Internal Audit's assessment of the level of compliance with them.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That Members note the level of compliance with the Public Sector Internal Audit Standards and approve the actions proposed in the Quality Assurance and Improvement Programme.

Paul Simpson
Service Director (Finance and Procurement)

For any enquiries about this report please contact:

John Bailey
Head of Internal Audit

Constitutional Comments (SLB 20/02/2014)

Audit Committee is the appropriate body to consider the content of this report.

Financial Comments (JMB 18/2/14)

The net budget for internal audit for 2013/14 is £360k. The conformance with agreed standards for the system of internal audit is key to ensuring that the service is effective. The level of conformance is high and will be further developed as set out in the QAIP.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972:

Public Sector Internal Audit Standards
Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards

Electoral Division(s) and Member(s) Affected

All

