

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 12 JUNE 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

1.00 PURPOSE OF REPORT

1.01 To inform members of the results of an initial assessment of compliance with the new Public Sector Internal Audit Standards (PSIAS).

2.00 BACKGROUND

2.01 In December 2012 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) published new standards for internal audit across the public sector. They apply to Central Government departments including Scotland, Wales and Northern Ireland, Local Authorities across the UK, the NHS, Police and Fire Authorities and National Parks. These replace the CIPFA Code of Practice for Internal Audit in Local Government published in 2006.

2.02 The standards are based upon the CIIA standards and came into force on 1st April 2013. However, CIPFA's Local Government Application Note on how to apply them within Local Government was not published until early April 2013.

3.00 CONSIDERATIONS

3.01 The Application Note includes a checklist for assessing conformance with the PSIAS and the Local Government Application Note. This checklist has now been completed and is attached at Appendix A. Please note this is not an in-depth review as is needed to complete the periodic self assessment required by the Standards. It is intended as a guide to the starting position with regards to the Standards and to identify areas that need to improve to meet the new Standards.

3.02 The results highlight two main areas where development is needed.

The Internal Audit Charter defines the role and scope of internal audit and specifies the independence, authority and responsibility of the department. It is part of the constitution, was last updated in 2011 and

was due to be reviewed in 2013. The PSIAS Application Note specifies the content of an Audit Charter in detail, with some new requirements. The planned update of the Flintshire Audit Charter will include these requirements and will be brought to the July Audit Committee for approval.

- 3.03 There is a new requirement within the PSIAS for a Quality Assurance and Improvement Programme (QAIP). The requirement is for the Audit Manager to develop and maintain a QAIP to enable the audit activity to be assessed against the PSIAS. This involves ongoing and periodic self-assessment and also external assessments to be carried out at least once every five years.

In the past a self assessment has been completed against the old CIPFA standards and reported to the Audit Committee in March each year. However these were not as comprehensive as is necessary for the new standards.

For the first year of the new requirements (2013/14) it is proposed to develop and complete the internal self-assessment, and if successful follow that with an external assessment in the second year.

4.00 RECOMMENDATIONS

- 4.01 The committee is requested to note the report.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None arising from this report.

6.00 ANTI POVERTY IMPACT

- 6.01 None arising from this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None arising from this report.

8.00 EQUALITIES IMPACT

- 8.01 None arising from this report.

9.00 PERSONNEL IMPLICATIONS

- 9.01 None arising from this report.

10.00 CONSULTATION REQUIRED

- 10.01 None arising from this report.

11.00 CONSULTATION UNDERTAKEN

11.01 None arising from this report.

12.00 APPENDICES

12.01 Appendix A – checklist for assessing conformance with the PSIAS and the Local Government Application Note.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

None

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