

## **Business Assurance - Effectiveness of Internal Audit 2016/17**

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### **REASON FOR ITEM**

The Effectiveness of Internal Audit (IA) is a key cornerstone of good governance. The UK Public Sector Internal Audit Standards (PSIAS), adopted by the Relevant Internal Audit Standard Setters from 1<sup>st</sup> April 2013, encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework.

This includes Attribute Standard 1300 - Quality Assurance & Improvement Programme, under which Standard 1311 - Internal Assessment which includes monitoring the performance of IA activity and the requirement for a periodic assessment to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. If the effectiveness of IA is not measured then the IA service will not know where to improve or how efficient and effective the service is.

To satisfy this requirement, an annual review is conducted which assesses the effectiveness of the IA function and provides assurance over IA's compliance with the PSIAS. This year this assessment was undertaken by our external IA contractor, Mazars, to ensure appropriate independence in the assessment.

The IIA's International Professional Practices Framework requires that an external assessment must be conducted at least once every five years by a qualified, independent assessor or by an assessment team from outside the organisation. An external assessment of the Council's IA function took place in 2012; therefore the next assessment is due in 2017.

### **OPTIONS AVAILABLE TO THE COMMITTEE**

**The Audit Committee is asked to review and note the findings, recommendations and management action proposed in the Effectiveness of IA final report.**

### **INFORMATION**

In 2015/16, the effectiveness of IA was assessed against the UK PSIAS internally by the Council's Internal Audit team. This review provided reasonable assurance raising three medium and six low priority recommendations. The 2016/17 IA assurance review has been conducted externally by Mazars Public Sector Internal Audit to provide additional independence to the assurance provided to CMT and the Audit Committee.

### **LEGAL IMPLICATIONS**

There are no legal implications arising directly from this report.

### **BACKGROUND PAPERS**

Final IA Assurance Report - Effectiveness of Internal Audit, issued on 7<sup>th</sup> July 2016.