

NORTHUMBRIA POLICE

JOINT INDEPENDENT AUDIT COMMITTEE 16 SEPTEMBER 2013

**UPDATE ON UK PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND
REVISED AUDIT CHARTER**

**JOINT REPORT OF TREASURER TO THE POLICE AND CRIME
COMMISSIONER, DIRECTOR OF FINANCE TO THE CHIEF CONSTABLE
AND CHIEF INTERNAL AUDITOR**

1 Purpose of the Report

- 1.1 This report updates the Committee on the introduction of a common set of UK Public Sector Internal Audit Standards (PSIAS) with effect from 1st April 2013 and proposes a revised Internal Audit Charter in compliance with these standards.

2 Background

- 2.1 CIPFA and the Institute of Internal Auditors (IIA) have developed a new set of internal audit standards for application across the whole of the UK public sector. Previously there were different bodies responsible for setting standards for the various parts of the public sector with CIPFA having responsibility for police body standards, as set out in the CIPFA Code of Practice for Internal Audit (2006).
- 2.2 The new standards are based on the mandatory elements of the IIAs' International Professional Practices Framework (IPPF) and are intended to promote improvements in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.

3 Main Developments

- 3.1 The new standards are broadly consistent with the previous CIPFA Code of Practice with the main changes being as follows: -
- The requirement for an Internal Audit Charter instead of stated terms of reference.
 - There is no longer a requirement to produce a separate Internal Audit Strategy but the risk based annual audit plan must now include a high

level strategic statement that sets out how the Internal Audit provider will be developed in line with the Audit Charter and how it is linked to the overall organisational objectives. This was incorporated into the annual audit plan that was agreed by this Committee on 13th May 2013.

- The quality of the Internal Audit provider has to be monitored through a continuous Quality Assurance and Improvement Programme. This will include internal assessments, carried out by the Chief Internal Auditor, and the requirement for an external assessment at least every 5 years. This is to be undertaken by a qualified and independent assessor with the results being reported through this Committee.

4 Revised Internal Audit Charter

4.1 A key element of compliance with the new standards is the regular review and approval by the Joint Independent Audit Committee of an Audit Charter. The Charter is a formal document that defines internal audit's purpose, authority and responsibility and establishes its position within both the Office of the Police & Crime Commissioner and Force.

4.2 Northumbria Police has always set out its terms of reference in an Audit Charter and so this is not a significant change, however this has been updated to ensure compliance with the new standards. The charter sets out the Chief Internal Auditor's functional reporting relationships, authorises rights of access for internal audit staff and defines the scope of internal activity. The proposed revised Audit Charter is attached at Appendix A.

5 Equal opportunities implications

5.1 It is considered that there are no equal opportunities implications arising from the report.

6 Human rights implications

6.1 It is considered that there are no human rights implications arising from the report.

7 Risk Management implications

7.1 There are no additional risk management implications arising directly from this report. The Audit Charter supports the effective and efficient use of resources.

8 Financial implications

8.1 There are no financial implications directly arising from this report.

9 Recommendation

9.1 The Committee is requested to review and comment on the Internal Audit Charter prior to it being passed to the Police and Crime Commissioner and Chief Constable for approval.