

THE ROLE OF INTERNAL AUDIT

Audit Committee 22 June 2015

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Internal Auditing

- An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systemic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit vs External Audit

- Internal Audit is responsible to senior management
- External Audit Reports to Those Charged With Governance
- IA Audit Annual Plan is approved by the AC, External Audit Informs the Council of its Plans
- IA covers all aspects of the Council's activities. EA covers financial statements and VFM, and seek to ascertain an anti-fraud stance

Statutory/Regulatory Requirements (1)

- Local Government Act 1972 – Sec 151 requires that the Council have a sec 151 officer, who is mandated to make proper arrangements for the administration of the Council's Financial Affairs, including arrangements for Internal Audit

Statutory/Regulatory Requirements (2)

Accounts and Audit Regulations 2015:

- Reg 3 - Responsibility for Internal Control
- Reg 4 – Accounting Records and Control Systems
- Reg 5 – Internal Audit
- Reg 6 – Review of Internal Control System

DEFINITION

- **Audit Committee** - The governance group charged with independent assurance of the adequacy and effectiveness of the internal control environment and the integrity of financial reporting

Internal Audit and The Audit Committee

- Close working relationship – that of a “critical friend”
- Internal audit role is to work closely with the committee members and particularly the Chair of the Committee, to ensure effective delivery of the Assurance Requirements
- IA to provide regular reports to the AC which gives an independent opinion of the Council’s systems of IC, RM & Governance

The Assurance Cycle

Audit Committee Work Plan:

Months	Key Activities
March/April	<ul style="list-style-type: none">• Approve Annual Audit Plan
June	<ul style="list-style-type: none">• Consider Annual Internal Audit report• Effectiveness Report on IA• External Audit Annual Plan• Risk Management Report• Investigations Team Report• Approve Annual Governance Statement• Monitoring Officer Annual Report
September	<ul style="list-style-type: none">• Consider First Quarter IA Progress Report• Approve Statement of Accounts
January	<ul style="list-style-type: none">• Consider Second Quarter IA Progress• Risk Management Report• External Audit Annual Letter
March	<ul style="list-style-type: none">• Internal Audit Plan• 3rd Quarter IA Progress Report

Where should the Audit Committee have influence?



Question & Answer

....thank you for listening