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Training for IJB Audit Committee

Role of Internal Audit

January 2019

Definition of Internal Audit

- ▶ Internal auditing is 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 systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.



IJB and Partner Bodies – Internal Audit Arrangements

- ▶ The IJB must have an internal audit function.
- ▶ IJB appoints a Chief Internal Auditor usually from one of the partner bodies.
- ▶ Audit those functions of the IJB not the delegated services.
- ▶ Partner bodies must have an internal audit function.
- ▶ Partner body auditors have responsibility to review the delegated services.
- ▶ Regular liaison and sharing of information.
- ▶ Audit Committee reports cover areas within the partner bodies that are of interest to the IJB in fulfilling their function.

Independence

- ▶ Public Sector Internal Audit Standards (including Code of Ethics).
- ▶ Internal Audit Charter, approved by the Audit Committee.
- ▶ Professional duty to provide an unbiased and objective view.
- ▶ Independent from the operations being evaluated.
- ▶ Free access to senior officers and Chair of the Audit Committee.
- ▶ CIA reports directly to the Audit Committee.

Added Value

- ▶ Help to achieved organisational objectives.
- ▶ Combination of assurance and consulting activities.
- ▶ Assurance - Tell management and Board how well the systems a processes are working.
- ▶ Consulting - Help to improve those systems and processes where necessary.

Internal Audit Activity - What

- ▶ Critical Friend - challenge current practice, champion best practice and be a catalyst for improvement.
- ▶ Assess the management of risk.
- ▶ Evaluating risks and controls and advising on improvements.
- ▶ Evaluating governance arrangements.



Internal Audit Activity - How

- ▶ Risk based audit plan.
- ▶ Evidence based assessment.
- ▶ Audit report for management action.
- ▶ Regular reporting to the Audit Committee.
- ▶ Annual Report which informs the Annual Governance Statement.



Questions

