

CIPFA TO INTRODUCE A CODE OF PRACTICE FOR THE GOVERNANCE OF INTERNAL AUDIT IN UK LOCAL GOVERNMENT

Report of the Assistant Director for Finance (Interim S151 Officer)

1. INTRODUCTION AND PURPOSE OF REPORT

1.1 CIPFA is planning to introduce a Code of Practice for the Governance of Internal Audit in UK Local Government

1.2 The code would apply to all principal authorities in UK local government and is complementary to CIPFA's work on the replacement for the current Public Sector Internal Audit Standards. By ensuring effective arrangements for internal audit, authorities support the best use of their resources and robust governance.

1.3 CIPFA proposes that the code applies to the governance of internal audit and is the responsibility of those charged with governance within a local government body. The code sets out the conditions for internal audit, consistent with existing CIPFA guidance and governance within the sector. For heads of internal audit, the code will meet the same objectives as the 'essential conditions' set out in the Global Standards, but in a way that is appropriate for UK local government.

1.4 CIPFA has undertaken an in-depth review of internal audit standards for the UK local government sector. The governance expectations in Domain III, Governing the Internal Audit Function, very much align with existing CIPFA recommendations through the Statement on the Role of the Head of Internal Audit and its guidance to audit committees (Position Statement and Audit Committees, Practical Guidance for Local Authorities and Police). As a result, CIPFA is confident that many local government bodies would achieve conformance with the Principles of Domain III, however a clear roadmap for the sector would support internal audit teams, audit committees and senior management and ensure greater consistency. It also sends a clear message about the importance and value of internal audit.

1.5 CIPFA continues to work with the other UK public sector standard setters on the introduction of a replacement for the current Public Sector Internal Audit Standards. It is expected that the Internal Audit Standards Advisory Board (IASAB) will issue consultation by the end of September. See the latest update from the IASAB. [latest update](#)

1.6 CIPFA will consult on the code at the same time as the IASAB consultation. It is proposed that both standards and the code would be effective from 1 April 2025. CIPFA will hold engagement webinars on both consultations in the autumn.

2. CONCLUSIONS AND RECOMMENDATIONS

2.1 Audit Committee is asked to note the contents of the report.

BACKGROUND PAPERS

Public Sector Internal Audit Standards

Cipfa Statement on the Role of the Head of Internal Audit

Cipfa ([Position Statement](#) and [Audit Committees, Practical Guidance for Local Authorities and Police](#)).

Anyone requiring further information should contact John Pearsall on telephone number 0161 474 4033 or alternatively email john.pearsall@stockport.gov.uk