

# Debate on the changing role of Internal Audit



**CIPFA in the Midlands Audit Training Seminars**  
The region's training programme for auditors



# Why?

- Prompted by Grant Thornton/CIPFA research summarised in “The Developing Internal Audit Agenda”
- Explore whether this is representative of the view of Internal Auditors?



# Grant Thornton/CIPFA Research

- Surveyed 702 organisations by email during February/March 2012
- Asked Heads of Internal Audit around the United Kingdom a range of questions relating to internal audit.
- The poll focused on the year 2011/12 as its base, with forward-looking questions covering 2012/13 and 2013/14.
- 97 responses were received representing 21% of the local authority bodies (including police and fire) polled and 4% of health and other bodies.



# Findings from the research

- 52% of respondents had a fully in-house team, with an additional 27% co-sourcing selected skills.
- acceptance that modern internal audit is widening in scope and starting to respond to the challenge of a more competitive market environment.



# Findings (Cont'd)

- Key challenges in meeting CIPFA's statement on the role were due to resourcing issues and the support of the chief executive.
- Respondents anticipated a net increase in the breadth of internal audit coverage



# Findings (Cont'd)

- 82% of respondents believe there will be no impact in delivering their annual opinion in the short-term as actions are being taken to mitigate the reductions in resource,
- However, there will be a compromise on standards and a limit to the depth of service as the breadth of audit increases.



# Challenges Identified

- There is the ambition to meet professional standards fully and fulfil the role set out by CIPFA in the role of the head of internal audit.
  - This may mean further development and investment in audit teams, key relationships across the organisation and involvement in the full range of audit and assurance provision.
- Internal audit teams are feeling the economic pressures like other departments.
  - They are moving quickly to respond by improving their own efficiencies, but at the same time the expectations of what they should deliver are increasing rapidly.
- Heads of internal audit will need to demonstrate effectively how they add value and the impact of their assurance work, as they prepare for the competition that is increasing in the market place.



# Skills

- Is there a skills gap in Internal audit?
- How will this change over the next few years?
- Are internal auditing skills evolving to meet needs?



# Professionalism

- Is there a need for Internal Auditors to be professionally qualified?
- What advantages will it bring?



# Head of Audit/Audit Team

- What is the level of compliance with CIPFA Statement?
- How many HoAs are “full time” audit?
- What is the level of support from CFO for HoA and internal audit?
- How supportive of Internal Audit is the Audit Committee?



# Internal Audit Coverage

- Is the demand for internal audit services increasing?
- How will service delivery change over the next few years?
- How is the audit plan changing to meet the above?
- What value is internal audit adding?

