



How Internal Audit can add value in Public Sector, taking account of risk



Adding Value in the Public Sector

Chris Butler
HM Treasury





How do we define “Value”?

- Place in the standards
- Value to whom?
- Management
- Stakeholders
- The Public





IIA Standards

- 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



What is Adding Value

- In planning
- At Assignment Level
- Assurance Assignments
- Consultancy





Dangers

- Independence
- Perverse Incentives to achieve savings
- Arguments about whose achieved the savings
- Measures
- Conflict over cost of control





Advantages

- Can provide an incentive to the auditor
- May be welcomed by the client
- Audit becomes a positive help





Risk and Adding Value

Try to combine by considering risks to:

- poor value for money
- waste
- lost opportunity
- failure to reduce costs





Where can most value be added?

- Early rather than after the event
- Policy or design rather than implementation or build
- People rather than processes
- Risk mitigation rather than control
- Integrated Assurance





Leverage off other providers

- Reduce cost of external audit or other reviewers
- Joint work with others
- Avoid gaps and overlaps
- Tap into the right skills





Some Examples

- Help with business analysis
- Provide flowcharts
- High level review of policy development
- Project assurance
- Analytical/risk based planning
- Procurement and contract audit





CONCLUSIONS

- Be balanced
- Be innovative
- Be opportunistic
- Be agile
- Be relevant to Board and Audit Committee needs

