
Outcome of the External Review of Internal Audit - Summary Report

Committee considering report: Governance and Ethics Committee on 30 July 2018

Portfolio Member: Councillor Rick Jones

Date Portfolio Member agreed report: 12 July 2018

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Forward Plan Ref: GE3270

1. Purpose of the Report

- 1.1 To provide the Governance and Ethics Committee with the outcome of the external assessment of Internal Audit.

2. Recommendation

- 2.1 For the report content to be noted, and members of the Governance and Ethics Committee to approve the Action Plan content as the basis of a Quality Assurance Improvement Plan (QAIP) for Internal Audit.

2.2 **Financial:**

2.3 **Policy:**

2.4 **Personnel:**

2.5 **Legal:**

2.6 **Risk Management:**

2.7 **Property:**

2.8 **Other:**

3. Other options considered

- 3.1 Not applicable.

Executive Summary

4. Introduction / Background

- 4.1 Under the Public Sector Internal Audit Standards (PSIAS) there is a requirement to have an external assessment of the internal audit service every five years. One option for the assessment is to undertake an internal assessment then have this externally validated, this approach was adopted by the Council.
- 4.2 The external assessment was undertaken by CIPFA (Chartered Institute of Public Finance and Accountancy), with the onsite visit undertaken between 14th and 15th May. The outcome of the assessment was that the Council's Internal Audit team 'generally conforms' to the PSIAS requirements. This is the highest category of compliance (the other possible conclusions being 'partially conforms' and 'does not conform').
- 4.3 The report uses a traffic light system to show the level of compliance with each of key standards, the report shows these are all green, and makes four recommendations and five suggestions for improvement. The report has been agreed as factually correct and the recommendations agreed in principle by the Audit Manager.
- 4.4 The PSIAS requires an audit service to develop a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated. The Council's Internal Audit team does not currently have a QAIP. The recommendations and suggestions for improvement stated in the external assessor's report would provide a starting point for the introduction of a QAIP.

5. Proposal

- 5.1 That the Governance and Ethics Committee note the outcome of the external assessment, and agree that the report Action Plan be used as the basis of setting up a QAIP for the Internal Audit team.

6. Conclusion

- 6.1 The outcome of the assessor's report has concluded that the Council's Audit Team 'Generally Conforms' with the PSIAS. There is a small number of recommendations and some suggestions for improvement.

7. Appendices

- 7.1 Appendix A – Supporting Information – PSIAS Validation Report from the External Assessor.