
Outcome of the External Assessment of Internal Audit

Committee considering report:	Governance Committee
Date of Committee:	20 November 2023
Portfolio Member:	Councillor Jeff Brooks
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	G4465

1 Purpose of the Report

Under the Public Sector Internal Audit Standards (PSIAS), there is a requirement for councils to have an external assessment of their Internal Audit Service at least once every five years. The assessment is to check to what extent the Internal Audit Service complies with the PSIAS, which are a mandatory requirement. A review was undertaken in June of this year, this report provides members with the outcome of the review.

2 Recommendation

For the report content to be noted.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None
Human Resource:	None
Legal:	None
Risk Management:	None
Property:	None
Policy:	None

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	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:				

4 Executive Summary

- 4.1 Under the Public Sector Internal Audit Standards (PSIAS), there is a requirement to have an external assessment of the Council's Internal Audit Service at least once every five years. The assessment is to give an independent assessment as to the level of compliance with the PSIAS, which are a mandatory requirement.
- 4.2 The external assessment was undertaken by CIPFA (Chartered Institute of Public Finance and Accountancy), week commencing 26th June 2023. The outcome of the assessment was that the Council's Internal Audit team 'Fully Conforms' with the PSIAS requirements, which is the highest category of compliance.
- 4.3 We carried out an initial self-assessment, and although this hadn't identified any obvious gaps in our processes, it is still very reassuring to receive external validation of our full compliance with professional standards, as well as providing independent assurance for our stakeholders.

5 Supporting Information

Introduction

- 5.1 The PSIAS set out the professional standards and working practices required to be followed by local authority internal audit teams, compliance with these standards is mandatory.
- 5.2 One of the requirements set out in the standards is for there to be an external assessment of a council's Internal Audit Service at least once every five years. The assessment is to give an independent assessment as to the level of compliance with the PSIAS and make recommendations where there are any gaps identified and need for remedial action.

Background

- 5.3 We commissioned CIPFA to undertake the review as was the case for the review in 2018. Also, as was the case last time, we opted to undertake an initial self-assessment which was then validated by the external assessor, as this involves a shorter review and therefore is a cheaper option.
- 5.4 The assessment does not have to be carried out by CIPFA, it could be another professional body or another local authority's Internal Audit team. We had assessed the options when organising the last review, when we had originally looked at a tri-party reciprocal arrangement with other local unitary authorities, but this was not progressed due to lack of capacity in each of the audit teams. As the costs for CIPFA were on a par with those of another professional body, and taking into account CIPFA was heavily involved in setting the PSIAS, and had carried out our previous review, it was agreed to commission them again.
- 5.5 We have been given the highest outcome category as was the case for our previous review undertaken in 2018. The previous review report included four recommendations, the current report has not made any recommendations and only two advisory points.

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5.6 Maintaining the highest outcome category and not receiving any recommendations for this review shows that the team took remedial action to address the small number of points raised last time, and has continued to maintain compliance with all other requirements set out in Internal Audit professional standards, which are extensive.

Proposals

That the Governance Committee note the outcome of the external assessment report.

6 Other options considered

Not applicable.

7 Conclusion

The outcome of the external assessor's report concludes that the Council's Audit Team 'Fully Conforms' with the PSIAS, no recommendations for improvement were made.

8 Appendices

8.1 Appendix A – External Quality Assessment of Conformance to the Public Sector Internal Audit Standards

Subject to Call-In:

Yes: No:

- | | |
|---|-------------------------------------|
| The item is due to be referred to Council for final approval | <input type="checkbox"/> |
| Delays in implementation could have serious financial implications for the Council | <input type="checkbox"/> |
| Delays in implementation could compromise the Council's position | <input type="checkbox"/> |
| Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months | <input type="checkbox"/> |
| Item is Urgent Key Decision | <input type="checkbox"/> |
| Report is to note only | <input checked="" type="checkbox"/> |

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