

9 JUNE 2021

REPORT OF THE PRINCIPAL AUDITOR

PUBLIC SECTOR INTERNAL AUDIT STANDARDS / QUALITY ASSURANCE &
IMPROVEMENT PROGRAMME

EXEMPT INFORMATION

None.

PURPOSE

To report to the Audit & Governance Committee on Internal Audit's compliance with the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP).

RECOMMENDATIONS

That the Committee endorses:

- Internal Audit's compliance with the PSIAS (Appendix 1); and
- the QAIP (Appendix 2).

EXECUTIVE SUMMARY

The PSIAS has been in place since April 2013. Internal Audit's compliance with the PSIAS is required under the Accounts & Audit Regulations 2015. The PSIAS require that Internal Audit comply with professional best practice and assess themselves against the requirements on an annual basis and that an External Quality Assessment (EQA) should be completed at least every 5 years.

An EQA was last completed in 2017 and was reported to this Committee. The next EQA is not due until 2022. An overview of compliance with the PSIAS is attached at **Appendix 1** which shows that Internal Audit operations have been self-assessed as being compliant with this code. Confirmation has also been obtained on conformance against the PSIAS from third parties who have delivered audit engagements on behalf of the Council.

Part of the requirement of the PSIAS is for the 'Chief Audit Executive' to develop a QAIP. Under the QAIP, quality should be assessed at both an individual audit engagement level as well as a broader operational level. A well-developed QAIP is to ensure that quality is built in to, rather than on to, the way Internal Audit operates.

The QAIP should conclude on the quality of the Internal Audit activity and lead to recommendations for appropriate improvements. It is an evaluation of:

- conformance with Definition of Internal Auditing, the Code of Ethics and the Standards;
- the adequacy of the Internal Audit activity's charter, goals, objectives, policies and procedures;
- the contribution to the organisation's governance, risk management and

- control processes;
- completeness of coverage of the entire audit universe;
 - compliance with applicable laws, regulations, and government or industry standards to which the Internal Audit activity may be subject;
 - the risks affecting the operation of the Internal Audit activity itself;
 - the effectiveness of continuous improvement activities and adoption of best practices; and
 - whether the Internal Audit activity adds value, improves the organisation's operations, and contributes to the attainment of objectives.

Attached as **Appendix 2** is the Quality Assurance & Improvement Programme (QAIP). No actions have been carried forward from last year's QAIP and no further actions have been identified this year.

RESOURCE IMPLICATIONS

None.

LEGAL/RISK IMPLICATIONS BACKGROUND

Non-compliance with the PSIAS means that an effective system of Internal Audit is not in place and therefore we are not fully complying with the Accounts and Audit (England) Regulations 2015.

EQUALITIES IMPLICATIONS

None.

SUSTAINABILITY IMPLICATIONS

None.

BACKGROUND INFORMATION

None.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

APPENDICES

Appendix 1 Public Sector Internal Audit Standards Compliance Overview
Appendix 2 Quality Assurance & Improvement Programme