

AUDIT AND GOVERNANCE COMMITTEE

WEDNESDAY, 8 JUNE 2022

REPORT OF THE AUDIT MANAGER

PUBLIC SECTOR INTERNAL AUDIT STANDARDS/QUALITY ASSURANCE AND 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:

- 1. Internal Audit's compliance with the PSIAS (Appendix 1); and**
- 2. 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 scheduled to be completed during 2022/23. As part of this process, we will be required to procure an external assessor, which will require the obtaining of quotes. Following this, and appointment of the assessor, all relevant documents will be supplied and it is envisaged that the assessor will complete an initial desk top exercise to assess our compliance with PSIAS.

Following this review, the assessor may require conversations with Chair of Audit Committee and senior management within the Council. At the conclusion of the review a report will be produced and copies of which will be reported formally to this Committee with any improvement plans/actions identified.

The indicative timetable for this process is outlined below:

- Invitation of external assessors to quote for the assessment work – summer 2022;
- Appointment of Assessor – September 2022;
- Assessment – October/November 2022; and
- Report to Committee – January 2023.

An overview, carried out by Audit Manager, 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 Quality Assurance & Improvement Plan. 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 will 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 IMPLICATION

None.

ENVIRONMENT AND SUSTAINABILITY IMPLICATIONS (INCLUDING CLIMATE CHANGE)

None.

BACKGROUND INFORMATION

None.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

APPENDICES

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