

Thursday, 20 April 2023

**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**

**It is recommended that the committee endorses:**

- 1. Internal Audit's assessment of compliance with the PSIAS (Appendix 1);**
- 2. The QAIP (Appendix 2); and**
- 3. The EQA Action Plan (Appendix 3).**

**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 January 2023 and reported to this committee on 22 March 2023. Due to the short period of time between the closure of the EQA and the self-assessment, the assessment includes the findings of the EQA and has been linked to the agreed EQA Action Plan. An overview of compliance is attached at **Appendix 1** which shows that Internal Audit operations have been self-assessed as generally conforming to the standards. 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 individual audit engagement level as well as a broader operational level. A well developed QAIP is to ensure quality is built in to, rather than on to, the way Internal Audit operates. Following the recent EQA the QAIP has been fully reviewed and specifically updated in the following areas;

- Confirmation annually that all QAIP measures have operated correctly;
- Summarise any outcomes influencing future development of the service within the Audit Manager's Annual Report; and
- Ensure that training records are maintained and used to inform the QAIP.

Attached as **Appendix 2** is the Quality Assurance & improvement Programme (QAIP). From the areas identified above ongoing actions will be required to be carried forward into 2023/24 and these will link into the EQA Action Plan for 2023/24.

As outlined and highlighted in **Appendix 1** a number of actions were required following the conclusion of the recent EQA and these are contained in **Appendix 3**. As presented to this committee on 22 March 2023, the Action Plan will be brought to this committee each quarter to confirm progress of the outstanding actions.

### **Options Considered**

None.

### **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 & Audit (England) Regulations 2015.

### **Equalities Implications**

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 Sector Internal Audit Standards Compliance Overview**  
**Appendix 2 Quality Assurance & Improvement Programme**  
**Appendix 3 External Quality Assessment Action Plan 2023/24**