



Title	Review of Internal Audit Service in Compliance with Public Sector Internal Audit Standards
For further information about this report please contact	Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk
Service Area	Finance
Wards of the District directly affected	Not applicable
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	Public Sector Internal Audit Standards

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	N/A: no direct service implications

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive	15 May 2016	Chris Elliott
Section 151 Officer	15 May 2016	Mike Snow
Monitoring Officer	15 May 2016	Andrew Jones
Human Resources		
Finance	15 May 2016	As Section 151 Officer
Portfolio Holder	15 May 2016	Councillor Whiting
Consultation and Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1 **Summary**

- 1.1 The report contains details of the results of a review of the Council's Internal Audit Service, required under the Public Sector Internal Audit Standards.

2 **Recommendations**

- 2.1 That the report be noted and its contents be accepted or, where appropriate, acted upon.

3 **Reason for the Recommendations**

- 3.1 Members have responsibility for corporate governance, of which internal audit forms a key part.

4 **Alternative Options Considered**

- 4.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

5 **Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, Internal Audit provides a view on all aspects of governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

6 **Policy Framework**

- 6.1 Although there are no direct policy implications, Internal Audit provides a view on all aspects of governance and will take into account the Council's policies.

7 **Risks**

- 7.1 Internal Audit provides a view on all aspects of governance, including corporate and service arrangements for managing risks.

- 7.2 It is difficult to provide a commentary on risks as the report is concerned with the outcome of a review by Internal Audit by an external body. Having said that, there are clear risks to the Council in not dealing with the issues raised within the Internal Audit reports (these risks were highlighted within the reports). There is also an overarching risk associated with the Finance & Audit Scrutiny Committee not fulfilling its role properly e.g. not scrutinising this report robustly.

8 **Background**

- 8.1 The Public Sector Internal Audit Standards (PSIAS) require that *"The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity"* and that *"The quality assurance and improvement programme must include both internal and external assessments."*

- 8.2 As well as internal assessments of the performance of the internal audit function that include ongoing monitoring of the activity and periodic self-

assessments, external assessments must be conducted at least once every five years by a qualified, independent assessor from outside the organisation.

- 8.3 The PSIAS states that the "*External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.*" The Council has opted for a full external assessment to provide greater objectivity and potential for learning i.e. greater value from the exercise.
- 8.4 The PSIAS requires that the results of external assessments be communicated to 'the board'. Consequently, the assessor's report is set out as the appendix.
- 8.5 The assessor's report includes an action plan with the assessor's recommendations on improvements and Internal Audit's responses to them detailing how the recommendations will be addressed. In compliance with the PSIAS, Members will be updated on progress.
- 8.6 The PSIAS also states that "*The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.*" The improvement plan that forms part of the external assessor's report is therefore included within the Internal Audit Annual Report that was issued to Finance & Audit Scrutiny Committee on 1 June 2016.