

Title: External Review of Internal Audit 2021: Update on
Implementation of Recommendations
Lead Officer: Richard Barr
Portfolio Holder: Councillor Hales
Wards of the District directly affected: None directly impacted

Summary

The Report advises on progress in achieving the recommendations arising from the recent external review of Internal Audit.

Recommendation

- 1 That the report, including its appendix, be noted.
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1 Background

- 1.1 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.*"
- 1.2 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.
- 1.3 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 opted for a full external assessment to provide greater objectivity and potential for learning i.e. greater value from the exercise.
- 1.4 The PSIAS requires that the results of external assessments be communicated to 'the board'. Consequently, the assessor's report was presented to Finance and Audit Scrutiny Committee soon after the assessment was completed and reported.
- 1.5 The assessor's report included 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 are now being updated on progress in implementing recommendations. The latest position in respect of implementing the recommendations contained within the action plan is set out as Appendix 1.

- 1.6 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 will therefore be included within the Internal Audit Annual Report that will be issued to Finance & Audit Scrutiny Committee in March 2022.

2 Alternative Options available to Committee

- 2.1 The report is not based on 'project appraisal' so this section is not applicable.

3 Consultation and Members' comments

- 3.1 Include any comments received in response to the consultation on the report.
No comments received.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

- 4.1.1 Include a summary of the legal or human rights implications of the proposal.
Not applicable.

4.2 Financial

- 4.2.1 Include a summary of the financial implications of the proposal.
Not applicable.

4.3 Council Plan

4.3.1 External Impacts

People - Health, Homes, Communities

Services - Green, Clean, Safe

Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

4.3.2 Internal Impacts

People - Effective Staff

Services - Maintain or Improve Services

Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

4.4 Environmental/Climate Change Implications

- 4.4.1 An effective internal audit function can assist the Council achieve its environmental and climate emergency objectives.

4.5 Analysis of the effects on Equality

- 4.5.1 An effective internal audit function can help the Council achieve its equality obligations.

4.6 Data Protection

4.6.1 An effective internal audit function can help the Council achieve its data protection objectives.

4.7 Health and Wellbeing

4.7.1 An effective internal audit function can help the Council achieve its health and wellbeing objectives.

5 Risk Assessment

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

5.2 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.

6 Conclusion/Reasons for the Recommendation

6.1 The report sets out progress in achieving the recommendations arising from the recent external review of Internal Audit. All recommendations have been addressed or are in the process of being addressed in line with the timetable agreed with the assessor. The service is therefore on course for full compliance with the Internal Audit Standards. This is due to occur by 1 April 2023 (although compliance with the Quality Assurance and Improvement Programme – a continuous series of self-reviews against the Standards – is, as the term suggests, dependent on ongoing activity). These actions will aid effective governance within the Council.

Background papers:

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

Supporting documents:

Report from Assessor (reported to Finance and Audit Scrutiny Committee on 17 March 2021).

Report Information Sheet

Committee/Date	Finance and Audit Scrutiny Committee – 8 December 2021	
Title of report	External Review of Internal Audit 2021: Update on Implementation of Recommendations	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)		
Portfolio Holder WDC & SDC *		26/11/2021
Financial Services *		
Legal Services *		
Other Services		
Chief Executive(s)		
Head of Service(s)		26/11/2021
Section 151 Officer		As Head of Service.
Monitoring Officer		
CMT (WDC)		
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Cttee/Council?		The former.
Contrary to Policy/Budget framework		No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		No
Accessibility Checked?		File/Info/Inspect Document/Check Accessibility