

AUDIT COMMITTEE

Date of Meeting	Wednesday, 16 March 2016
Report Subject	Public Sector Internal Audit Standards
Cabinet Member	n/a
Report Author	Internal Audit Manager
Category	Assurance

EXECUTIVE SUMMARY

Internal Audit must conform to the Public Sector Internal Audit Standards (PSIAS). There must be an assessment every year which must be reported to the Audit Committee. These assessments are normally carried out internally as self-assessments, but there must be an external assessment every five years.

Internal assessments have been carried out every year since the standards were introduced. This report shows the results of the current internal self-assessment, the progress against actions arising from last year's assessment, and further actions being undertaken on an ongoing basis to maintain compliance with the components of the standards, Appendices A to C.

The requirement for external assessments can be met by an external assessor validating an internal assessment. They can be carried out as peer reviews, providing that the reviews are not reciprocal and the reviewer is sufficiently independent. In order to minimise costs, within the Wales Chief Auditors Group the Chief Auditors for 18 Councils in Wales have agreed to follow this route, each one reviewing another Council. It is proposed that the Chief Internal Auditor from Ceredigion reviews Flintshire Internal Audit in 2016/17.

RECOMMENDATIONS

1	The committee is requested to note the report.
2	To endorse the method of external assessment to be completed in 2016/17.

REPORT DETAILS

1.00	EXPLAINING THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS
1.01	In December 2012 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) published new Public Sector Internal Audit Standards (PSIAS) for internal audit across the public sector. They apply to Central Government departments including Scotland, Wales and Northern Ireland, Local Authorities across the UK, the NHS, Police and Fire Authorities and National Parks. These replaced the CIPFA Code of Practice for Internal Audit in Local Government published in 2006. The standards are based on the CIIA standards and came into force on 1 st April 2013.
1.02	Internal Audit departments must report their level of conformance with the PSIAS to the Audit Committee. It should then be reported in the Internal Audit Annual Report and stated in every audit report.
1.03	PSIAS include the Definition of Internal Audit, a Code of Ethics, four Attribute Standards and seven Performance Standards, leading to the overall level of conformance. Internal Audit departments should achieve General Conformance (definition given in Appendix A) overall with the PSIAS.
1.04	There is a requirement within the PSIAS for a Quality Assurance and Improvement Programme (QAIP). The requirement is for the Audit Manager to develop and maintain a QAIP to enable the audit activity to be assessed against the PSIAS. External assessments should be carried out at least once every five years, with annual internal assessments.
1.05	Internal assessments must include <ul style="list-style-type: none">• Ongoing monitoring of the performance of the internal audit activity, and• Periodic self-assessments, or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.
1.06	Results of the assessments and progress against identified actions must be reported to the Audit Committee.

2.00	RESOURCE IMPLICATIONS
2.01	Minimal costs of the external assessment in 2016/17.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None.

4.00	RISK MANAGEMENT
4.01	Internal Audit is part of the governance framework for the Council. It is important that it meets the required operational standards to give assurance to the Council that it is functioning properly. This paper shows the results of the assessment of the department against those standards.

5.00	APPENDICES
5.01	Appendix A – Checklist for compliance with PSIAS Appendix B – QAIP actions Appendix C – QAIP components

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: David Webster, Internal Audit Manager Telephone: 01352 702248 E-mail: david.webster@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	None.