

GOVERNANCE & AUDIT COMMITTEE

Date of Meeting	Monday, 14 th March 2022
Report Subject	Public Sector Internal Audit Standards
Report Author	Internal Audit, Performance and Risk Manager
Type of Report	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 Governance & Audit Committee. These assessments are normally carried out internally as self-assessments, but there must be an external assessment every five years.

An Internal assessment has been carried out every year since the standards were introduced. The external assessment was last undertaken in March 2017 and a further external assessment is due to take place in May 2022. In order to minimise costs, the Chief Auditors within the Wales Chief Auditors Group, for 18 Councils in Wales, have agreed to undertake a peer review, each one reviewing the other Council. The Chief Internal Auditor from Pembrokeshire is due to review Flintshire in May.

This report shows the results of the current internal self-assessment, the progress against actions arising from last years' assessment, and further actions being undertaken on an ongoing basis to maintain compliance with the components of the standards and improve the operation of the service. This is reflected in Appendices A to C.

RECOMMENDATIONS

1	The committee is requested to note the report.
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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

	<p>internal audit across the public sector. The Standards 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 Standards 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 1st April 2013 and were last updated 2019. The standards and the Local Government application note set out the basis for an adequate and effective internal audit function.</p>
1.02	<p>PSIAS includes the Mission of Internal Audit, Definition of Internal Auditing, Core Principles of the Professional Practice for Internal Auditing, 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.</p>
1.03	<p>There is a requirement within the PSIAS for a Quality Assurance and Improvement Programme (QAIP). The requirement is for the Internal Audit Manager to develop and maintain a QAIP to enable the audit activity to be assessed against the PSIAS. The QAIP is documented in Appendix B. External assessments should be carried out at least once every five years, with internal assessments carried out on an annual basis. Flintshire's external assessment was last undertaken in March 2017. The next external assessment is due to take place in May 2022.</p>
1.04	<p>Internal assessments must include:</p> <ul style="list-style-type: none"> • Ongoing monitoring of the performance of the internal audit activity; and • Periodic self-assessment, or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.
1.05	<p>Internal Audit departments must report their level of conformance with the PSIAS to the Governance & Audit Committee. It should then be reported in the Internal Audit Annual Report.</p>
1.06	<p>Based on the outcome of both the internal self-assessment for 2021/22 and the external assessment in 2016/17, overall Flintshire Internal Audit Service generally conforms to the PSIAS. The external assessor stated that 'Flintshire County Council complies with the standards in all significant areas and operates independently and objectively'.</p>
1.07	<p>Overall Flintshire Internal Audit generally conforms to the PSIAS. Where the previous external assessment identified there were some elements with partial conformance, one non-conformance and suggestions made, these actions have all been implemented. The status of actions to date are shown within the Quality Assurance Improvement Programme (QAIP), Appendix B.</p>

2.00	RESOURCE IMPLICATIONS
2.01	None.

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: Lisa Brownbill, Internal Audit, Performance and Risk Manager Telephone: 01352 702231 E-mail: Lisa.brownbill@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	Public Sector Internal Audit Standard A set of standards that all Internal Audit teams working in the public sector must comply with.