

GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 28 September 2022
Report Subject	External Assessment - Public Sector Internal Audit Standards (PSIAS)
Cabinet Member	Not Applicable
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 the Governance and 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 and reported to Governance and Audit Committee following each assessment. The first external assessment took place in March 2017 and the second in September 2022. This report shows the results of the external assessment, to demonstrate compliance with the components of the Standards.

The requirement for external assessment 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 the other Council. The Chief Internal Auditor from Pembrokeshire County Council assessed Flintshire Internal Audit Service in September 2022 and this report and Appendix A shows the results of the external assessment.

RECOMMENDATIONS

1	The Committee is requested to note the report.
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REPORT DETAILS

1.00	EXPLAINING THE EXTERNAL ASSESSMENT REPORT
1.01	<p>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. 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>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.</p>
1.03	<p>PSIAS includes 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 with the PSIAS.</p>
1.04	<p>The external assessment (Appendix A) reports:</p> <p>There are 305 best practice lines within the PSIAS. The Internal Audit, Performance and Risk Manager undertook a self-assessment review of conformance against the PSIAS during February 2022. The self-assessment and corresponding improvement plan was presented to the Governance and Audit Committee in March 2022. Following validation of the self-assessment by Pembrokeshire County Council, the Internal Audit Service of Flintshire County Council generally conforms with all 305 (100%) of the requirements.</p>
1.05	<p>Any non-conformance with the Standards and their impact must be disclosed to Senior Management and the Governance and Audit Committee. There were no areas of non-conformance identified. Overall, Flintshire County Council's Internal Audit Service complies with the Standards in all significant areas and operates independently and objectively.</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 – External Assessment Report

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Lisa Brownbill, Internal Audit, Performance and Risk Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: Lisa.brownbill@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	None.