

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**

**DATE:**               **WEDNESDAY, 18 MARCH 2015**

**REPORT BY:**       **INTERNAL AUDIT MANAGER**

**SUBJECT:**           **PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

### **1.00 PURPOSE OF REPORT**

1.01 To inform members of the results of the annual internal assessment of conformance with the Public Sector Internal Audit Standards (PSIAS).

### **2.00 BACKGROUND**

2.01 In December 2012 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) published new standards 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 upon the CIIA standards and came into force on 1<sup>st</sup> April 2013.

2.02 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.

2.03 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.

2.04 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.

2.05 Internal assessments must include:

- 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
- 2.06 Results of the assessments and progress against identified actions must be reported to the Audit Committee.
- 2.07 The first such self assessment was carried out in 2014 and reported to the committee in May 2014.
- 2.08 This report shows the results of the second 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.

### **3.00 CONSIDERATIONS**

- 3.01 The Local Government Application Note includes a checklist for assessing conformance with the PSIAS and the Local Government Application Note. This checklist has been used to perform the internal assessment for 2014/15.
- 3.02 The internal assessment was undertaken separately by the Internal Audit Manager and the two Principal Auditors. The results are given in Appendix A.
- 3.03 The first part of the Appendix gives the definitions of the levels of conformance with PSIAS. There is then a summary of the levels of conformance against the Definition, Code of Ethics and each Standard. That is followed by the detailed responses to each question in the checklist.
- 3.04 Overall they show General Conformance with the standards when the results for each section are put together. A few individual questions or sections show Partial or Non Conformance. These are not significant within the overall assessment. They will result in action plans for the coming year.
- 3.05 Progress against specific actions from last year's assessment is shown in Appendix B. Most have been completed with a few ongoing.
- 3.06 The IIA standards include fourteen components for a QAIP. To maintain overall compliance these were also reviewed during the year. Actions taken during the year and those planned for 2015/16 are included in Appendix C.
- 3.05 The results from this assessment will be included in the Internal Audit Annual Report in June and within the Annual Governance Statement.

**4.00 RECOMMENDATIONS**

4.01 The committee is requested to note the report.

**5.00 FINANCIAL IMPLICATIONS**

5.01 None arising from this report.

**6.00 ANTI POVERTY IMPACT**

6.01 None arising from this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None arising from this report.

**8.00 EQUALITIES IMPACT**

8.01 None arising from this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None arising from this report.

**10.00 CONSULTATION REQUIRED**

10.01 None arising from this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None arising from this report.

**12.00 APPENDICES**

12.01 Appendix A – checklist for assessing conformance with the PSIAS and the Local Government Application Note.

Appendix B – Actions from the assessment completed in 2014

Appendix C – Actions to maintain compliance with the components of QAIP

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985  
BACKGROUND DOCUMENTS**

None

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