

AUDIT COMMITTEE

Date of Meeting	Wednesday, 21 March 2018
Report Subject	Public Sector Internal Audit Standards
Cabinet Member	Not Applicable
Report Author	Internal Audit 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 Audit Committee. These assessments are normally carried out internally as self-assessments, but there must be an external assessment every five years.

Internal assessment has been carried out every year since the Standards were introduced. The external assessment was undertaken in March 2017. In order to minimise costs, within the Wales Chief Auditors Group the Chief Auditors for 18 Councils in Wales have agreed to undertake a peer review, each one reviewing the other Council. The Chief Internal Auditor from Ceredigion reviewed Flintshire.

This report shows the results of the current internal self-assessment and the actions from the external 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. 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 INTERNAL AUDIT PROGRESS REPORT
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. 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 1 st April 2013 and updated in 2016 and 2017.
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 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 (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 Internal 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 assessment. Flintshire's external assessment was undertaken in March 2017.
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-assessment, or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.
1.06	Results of the assessments and progress against the identified actions must be reported to the Audit Committee.
1.07	Based on the outcome of both the internal self-assessment for 2017/18 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'.
1.08	Whilst overall Flintshire Internal Audit generally conforms to the PSIAS the assessment identified there are some elements with partial conformance and one non-conformance. This non-conformance relates to the need to undertake an assurance mapping exercise. Any areas for improvement identified during the self-assessment or external assessment have been included within the QAIP, Appendix B, with progress to date noted.
1.09	It is acknowledged that a delay has occurred in undertaking the assurance mapping exercise, however this was due to the limited resources available due to vacancy of the Principal Auditors post throughout 2017/18. Now the appointment has been made, the assurance mapping exercise will be undertaken during 2018/19.

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 Manager Telephone: 01352 702231 E-mail: Lisa.brownbill@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	None.