

GOVERNANCE & AUDIT COMMITTEE

Date of Meeting	Monday, 10 th April 2024
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 September 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 performed the external assessment for Flintshire in September 2022.

This report shows the results of the current internal self-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 and B. There were no actions from the last external assessment to follow up on.

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 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 were last updated 2019. The standards and the Local Government application note set out the basis for an adequate and effective internal audit function.
1.02	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.
1.03	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 September 2022. There are no actions from the last external assessment or the current self-assessment.
1.04	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.
1.05	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.
1.06	Based on the outcome of both the internal self-assessment for 2023/24 and the external assessment in 2022/23, overall Flintshire Internal Audit Service generally conforms to the PSIAS. The external assessor stated that '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'.
1.07	Overall Flintshire Internal Audit generally conforms to the PSIAS. The last external assessment did not identify any areas on non-conformance.
1.08	Due to the size of the document listing all 305 areas of best practice, a full analysis against each has not been included within the papers this year

	but it is available to members should they request it. Instead Appendix A is a summary of the areas of best practice the Internal Audit Service complies with.
1.09	<p>In January 2025 the new Global Internal Audit Standards were released and will become effective from January 9, 2025. During the year we will work through the standards to determine if / where additional work or a change in process is required.</p> <p>This new Global Standards have not been used this year as the Internal Audit Standards Board (UK) is now considering how the Standards will be implemented, and whether additional guidance is required for the public sector. Once this has been clarified work will commence on ensuring we meet the revised standards.</p>

2.00	RESOURCE IMPLICATIONS
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2.01	None.
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	None.
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4.00	RISK MANAGEMENT
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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.
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5.00	APPENDICES
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5.01	Appendix A – Summary of compliance with PSIAS Appendix B – QAIP Components and Actions
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	<p>None.</p> <p>Contact Officer: Lisa Brownbill, Internal Audit, Performance and Risk Manager Telephone: 01352 702231 E-mail: Lisa.brownbill@flintshire.gov.uk</p>
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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.