

## Public Sector Internal Audit Standards – External Assessment

### **Audit Committee**

**Date: 23 February 2016**

Author: Head of Internal Audit  
Wards: None  
Locality Affected: None  
Parishes Affected: None

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### **1. Purpose and Reasons**

- 1.1 The Public Sector Internal Audit Standards introduced a requirement for an external assessment of internal audit which must be conducted at least once every five years by a qualified, independent reviewer external to the organisation.
- 1.2 This paper sets out the proposed arrangement for that external assessment for Member's approval.
- 1.3 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.

### **2. Recommendations**

The Committee is recommended to:

- 2.1 Audit Committee reviews and approves the Terms of Reference for the external assessment.

### **3. Detail**

- 3.1 The Public Sector Internal Audit Standards have replaced CIPFA's Code of Practice for Internal Audit in Local Government as the mandatory guidance for internal audit in the public sector.
  - 3.2 The main purpose of the Public Sector Internal Audit Standards was to:
    - Define the nature of internal auditing in the UK public sector
    - Set basic principles for carrying out internal audit in the UK public sector
    - Establish a framework for providing internal audit services (both assurance and consultancy)
    - Establish the basis for the evaluation of internal audit performance and to drive improvement planning
  - 3.3 The Standards (no. 1312) introduced the requirement for an external assessment of Internal Audit. This assessment should be carried out at least once every five years by a qualified, independent assessor from outside the organisation.
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Further information on the subject of this report can be obtained from Nick Hobbs,  
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- 3.4 As reported previously to Audit Committee, the Council was seeking to look for another Council to carry out a peer review. The cost of a peer review would be considerably less than using CIPFA, the Institute of Internal Auditors, or a private firm.
- 3.5 Bristol City Council has agreed to carry out our external assessment. The assessment is planned to be carried out during May 2016. The draft terms of reference are attached as Appendix 1.
- 3.6 The review will include the following:
- Independent verification of a self-assessment against the Standards carried out by the Head of Internal Audit
  - A review of relevant documentation e.g. Internal Audit Charter, quality and performance measures and reports etc.
  - Examination of a sample of audits
  - Interviews with key staff to confirm audit procedures and process
  - Review of questionnaires completed by the main
- 3.7 The outcome of the review will be reported back to a subsequent meeting of the Audit Committee and will be included in the Head of Internal Audit's annual report.

### **4. Alternative Options**

- 4.1 Not Applicable

### **5. Implications, Diversity Impact Assessment and Risk Management**

#### Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

#### Legal and Human Rights Implications

- 5.2 The external assessment against the Public Sector Internal Audit Standards ensures compliance with the mandatory guidance under the Accounts and Audit Regulations 2015.

#### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

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#### Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 Internal Audit's remit is to examine the adequacy of the Council's governance, risk management and internal controls. Effective systems of governance, risk management and internal control within the Council will help to ensure that the objectives set out in One Swindon and the Council's Corporate Strategy is achieved.

#### Diversity Impact Assessment

- 5.5 None

#### Risk Management

- 5.6 Not applicable

### **6. Consultees**

- 6.1 The Board Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

### **7. Background Papers**

- 7.1 None

### **8. Appendices / Background papers**

Appendix 1 – Draft terms of reference for the external assessment

### **9. Key Decision/Decision in Forward Plan**

Not Applicable