

Report To: Corporate Governance Committee

Date of Meeting: 21 November 2018

Lead Member / Officer: Cllr Julian Thompson Hill / Lisa Lovegrove

Report Author: Lisa Lovegrove, Chief Internal Auditor

Title: **External Assessment of Internal Audit**

1. What is the report about?

The Public Sector Internal Audit Standards (PSIAS) became effective from 1st April 2013 (revised as from 1 April 2017) and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside the organisation.

The assessment by the Audit Manager from Gwynedd CC and the report is attached as Appendix 1.

2. What is the reason for making this report?

To provide information for the Committee to enable it to contribute to the external quality assessment of internal audit that takes place at least once every five years in order to meet its Terms of Reference and to receive assurance that Internal Audit complies with the Public Sector Internal Audit Standards.

3. What are the Recommendations?

That the Committee notes the findings of the External Assessment and agree to monitor the implementation of actions to address the recommendations during future reports.

4. Report details

The PSIAS introduced a requirement for an external assessment of internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation. This became effective from 1st April 2013.

The purpose of the external assessment is to help improve delivery of the audit service to the Council. The assessment should be a supportive process that identifies opportunities for development which ultimately helps to enhance the value of the audit function to the Council.

The two possible approaches to external assessments outlined in the standard include either a full external assessment or an internal self-assessment which is validated by an external reviewer. External reviewers should:

- Possess a recognised professional qualification
- Have appropriate experience of internal audit - at least five years at manager level within the public sector / local government
- Have detailed knowledge of leading practices in internal audit

- Have current, in-depth knowledge of the Definition, the Code of Ethics and the International Standards

The Welsh Chief Auditors Group agreed that member authorities should undertake the external assessment process as a peer review whereby one Authority would undertake a peer assessment of a different Authority within the group. The external assessment was organised through the Welsh Chief Auditors Group who selected Gwynedd County Council to perform the engagement as the auditor undertaking the peer assessment has no known conflicts of interest to ensure they were suitably independent. The fieldwork was undertaken in March 2018, by the Chief Auditor from Gwynedd CC.

The findings from the assessment together with an action plan have been agreed by the Chief Internal Auditor and the report is shown in full in Appendix 1.

- 5. How does the decision contribute to the Corporate Priorities?**
There is no decision required with this report. There is no direct contribution to the Corporate Priorities.
- 6. What will it cost and how will it affect other services?**
Not applicable - there is no decision or costs attached to this report.
- 7. What are the main conclusions of the Well-being Impact Assessment?**
Not applicable - this report does not require a decision or proposal for change.
- 8. What consultations have been carried out with Scrutiny and others?**
Not required.
- 9. Chief Finance Officer Statement**
There are no financial implications attached to this report.
- 10. What risks are there and is there anything we can do to reduce them?**
The work of internal audit gives assurance to the council on the adequacy and effectiveness of controls in place to manage and mitigate risks.
- 11. Power to make the Decision**
Not applicable - there is no decision required with this report.