

Report to	Governance & Audit Committee
Date of meeting	12 June 2024
Lead Member / Officer	Cllr Gwyneth Ellis / Bob Chowdhury – Chief Internal Auditor
Report author	Bob Chowdhury, Chief Internal Auditor
Title	Internal Audit External Audit Assessment 15 April 2024

1. What is the report about?

1.1. This report provides the Committee with the Internal Audit External Audit Assessment report issued on the 15 April 2024 for Denbighshire County Council's Internal Audit team. The external assessment can be completed either by:

- A full external assessment, or
- An internal self-assessment which is validated by an external assessment reviewer.

1.2. As a member of the Welsh Chief Auditor Group (WCAG), we have agreed to adopt the self-assessment approach, with another member of the WCAG undertaking the independent validation. On completing the self-assessment, the information was shared with the Corporate Manager – Internal Audit at Ceredigion County Council who has completed the external assessment and provided a report.

2. What is the reason for making this report?

2.1 PSIAS 1312 states that "External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The CAE [Chief Audit Executive, which in

Denbighshire's case is currently the Chief Internal Auditor (CIA) must discuss with the board:

- The form and frequency of external assessments.
- The qualifications and independence of the assessor or assessment team, including any potential conflict of interest.”

2.1. An external assessment has been carried out in 2023-24 by Ceredigion County Council on a peer review basis organised through the Welsh Chief Auditors Group and the report has been attached as Appendix 5.

3. What are the Recommendations?

3.1. The Committee considers the actions contained within the Internal Audit External Quality Assessment and monitors progress made to complete the actions and fully conform.

4. Report details

4.1. The external assessment review confirmed that Denbighshire Internal Audit team are achieving general conformance with the majority of the standards. The Internal Audit Team are conforming with 45 of the PSIAS, partially conforming with six and non-conforming with five.

4.2. The areas of non-conformance around the Internal Auditing External Quality Assessment are:

- 1300 Quality Assurance and Improvement Programme (QAIP);
- 1310 Requirements of the Quality Assurance and Improvement Programme;
- 1321 Use of conforms with Standard for the Professional Practice of “Internal Auditing”;
- 1322 Disclosure of Non-conformance; and
- 2430 Use of “Conduct in conformance with the International Standards for the Professional Practice of Internal Auditing”

4.3. The areas for partial conformance around the Internal Auditing External Quality Assessment are:

- 1000 Purpose, Authority and responsibility;
- 1210 Proficiency and due professional care;
- 1320 Reporting on the Quality Assurance and Improvement Programme;
- 2010 Planning;
- 2120 Risk Management; and
- 2421 Errors and Omissions.

4.4. Following on from the External Assessment, the Corporate Manager – Internal Audit has produced an Action plan that has been discussed and agreed with the Chief Internal Auditor for Denbighshire. The Action plan contains recommendations that the Chief Internal Auditor will need to action in order to change non / partial conformance into fully conformance over the next 18 to 24 months.

4.5. At the time of producing this report three of the five non-conformance recommendations had been addressed and the remaining two are on target to be completed by the end of June 2024.

4.6. The six partial conformance recommendations are not as quick to address and at the time of producing this report two had been completed and the remaining four are on target to be completed within 12 to 24 months.

5. How does the decision contribute to the Corporate Priorities?

5.1. Internal Audit's role is to provide assurance regarding the adequacy and effectiveness of the Council's framework of governance, risk management and internal control. Each of these areas helps ensure that the Council can deliver on all corporate priorities as identified in its corporate plan.

6. What will it cost and how will it affect other services?

6.1. There are no additional costs associated with this report. Actions to ensure compliance with relevant legislation and Council policies are taken within existing budgets.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1. Not applicable - there is no decision required with this report.

8. What consultations have been carried out with Scrutiny and others?

8.1. Consultation has taken place with the Head of Finance and Audit and the report will be shared with Corporate Executive Team (CET), Cabinet in the July quarterly report and Senior Leadership Team (SLT) in the September six monthly update.

9. Chief Finance Officer Statement

9.1. Not applicable - there is no decision required with this report.

10. What risks are there and is there anything we can do to reduce them?

10.1. The risk is that if the Chief Internal Auditor does not address all the actions identified then Denbighshire Internal Audit Team will not fully conform with PSIAS. The actions identified will be addressed over the next 18 to 24 months as the proficiency and due professional care action cannot be completed any earlier.

11. Power to make the decision

11.1. Not applicable - there is no decision required with this report.