

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh, Head of Audit and Risk
<b>Date of Meeting</b>	25 July 2019

## **PUBLIC SECTOR INTERNAL AUDIT STANDARDS EXTERNAL ASSESEMENT**

### **1.0 Purpose of the report:**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that an external assessment of an organisation’s internal audit function is carried out once every five years by a qualified, independent assessor or assessment team. External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.

The purpose of this report is to seek approval for the method by which the external assessment will be undertaken at the Council.

### **2.0 Recommendation(s):**

- 2.1 To approve that Blackpool Council participates in the peer review process developed by the Lancashire Districts Chief Auditor Group (LDCAG) which will address the requirement of a self-assessment with independent external validation.

### **3.0 Reasons for recommendation(s):**

- 3.1 The Council has obtained quotations from a number of external providers who could undertake the external assessment; however quotations received are in the region of £9000-£11000.

Participating in the peer review process would incur no direct costs. However, there would be a time commitment for the Head of Audit and Risk to become a reviewer or moderator for another authority. It will be for the LDCAG to ensure that the time burden is evenly spread with each participating authority taking its share.

The external assessments are unlikely to take place until 2020/2021 however a decision at this stage is required to ensure that the peer review process can be robustly planned and timetabled.

Prior to undertaking the external assessment a full self-assessment will be carried out by the Head of Audit and Risk and the results provided to Audit Committee for consideration.

- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None.

#### **4.0 Council Priority:**

4.1 The relevant Council priority is organisational resilience.

#### **5.0 Background Information**

5.1 It is considered that validation of the self-assessment by an external body would be the most efficient and cost effective use of resources.

The LDCAG Peer Review process will involve a pre-review element where the self-assessment and supporting documentation will be reviewed by the peer review team. In addition, a questionnaire will be issued to key stakeholders at the Council to obtain feedback.

An on-site review will then take place and the Council will be assessed against key themes which form the basis of the standards.

A report will then be issued which states whether the internal audit team conforms, partially conforms or does not conform to the standards. This report will be presented to the Audit Committee and will form part of the internal audit team's Quality Assurance and Improvement Programme.

The Head of Audit and Risk is satisfied that the other organisations involved in the peer review have the appropriate qualifications and independence to undertake the review and that they have a knowledge of local government.

Does the information submitted include any exempt information?

No

#### **List of Appendices:**

None.

#### **6.0 Legal considerations:**

6.1 The Accounts and Audit (England) Regulations 2011 state that '*A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.*'

Section 151 of the Local Government Act 1972 states that every local authority in England and Wales should '*make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs*'. CIPFA has defined '*proper administration*' in that it should include '*compliance with*

*the statutory requirements for accounting and internal audit'.*

**7.0 Human Resources considerations:**

7.1 The resources required for the review will be met from the existing resources in the internal audit team. The Head of Audit and Risk may be away from the office when undertaking peer reviews elsewhere as part of the arrangement.

**8.0 Equalities considerations:**

8.1 None.

**9.0 Financial considerations:**

9.1 There will be no direct costs associated with the peer review process.

**10.0 Risk management considerations:**

10.1 The external review will ensure that the internal audit service is effectively delivering a risk based audit service.

**11.0 Ethical considerations:**

11.1 None.

**12.0 Internal/ External Consultation undertaken:**

12.1 The approach was approved by the Corporate Leadership Team on 18 June 2019.

**13.0 Background papers:**

13.1 None.