

27 September 2017

Agenda Item: 7

REPORT OF SERVICE DIRECTOR, FINANCE, PROCUREMENT & IMPROVEMENT

EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT

Purpose of the Report

1. To agree a specification for the External Quality Assessment (EQA) of the system of Internal Audit.

Information and Advice

2. The work of the Internal Audit Section is carried out in compliance with the Public Sector Internal Audit Standards. One of the requirements of the Standards is that an EQA is carried out by an independent body once every five years.
3. This report sets out a framework specification provided by HM Treasury, which it is proposed to use in seeking an independent body to carry out the review. A copy of the HM Treasury paper is attached as **Appendix 1**, incorporating the proposed details to be provided concerning the system of Internal Audit at this Council.
4. The review of the system of Internal Audit needs to be completed by the end of March 2018, to maintain compliance with the Public Sector Internal Audit Standards. It is estimated that the cost of the review will be between £10,000 and £15,000.
5. The key lines of enquiry that will be followed as part of the assessment arise from the Public Sector Internal Audit Standards. A summary of the key lines of enquiry is set out in **Appendix 2**.
6. Members are invited to comment on the proposed specification and the role they will play in the review process. This might incorporate the following:
 - the Chairman of the Governance & Ethics Committee to be named as a key stakeholder and to be interviewed during the review
 - the EQA report, and a proposed action plan to address its recommendations, to be presented to a future meeting of the Governance & Ethics Committee.

Other Options Considered

7. There is an option to not complete the Independent Review. This would require the Authority to state that they are not in compliance with the Public Sector Internal Audit Standards and the steps that will be taken to bring the Authority back into compliance.

Reason for Recommendation

8. To seek committee suggestions on the review process and agree the outline specification for the independent review.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That the Committee considers the role it wishes to play in the review process.
- 2) That the Committee agrees an outline specification for inviting tenders for the independent review of the system of internal audit.

Nigel Stevenson

Service Director – Finance, Procurement & Improvement

For any enquiries about this report please contact:

Rob Disney

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Constitutional Comments (SMG 18/09/2017)

Governance & Ethics Committee is the appropriate body to consider the content of the report. If the Committee resolves that any actions are required it must be satisfied that such actions are within the Committee's terms of reference.

Financial Comments (RWK 13/09/2017)

There are no specific financial implications arising from the report.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972:

Public Sector Internal Audit Standards

Electoral Division(s) and Member(s) Affected

All