



AUDIT COMMITTEE – 30TH JANUARY 2018

SUBJECT: INTERNAL AUDIT SERVICES PSIAS PEER REVIEW UPDATE

REPORT BY: INTERNAL AUDIT SERVICES MANAGER

1. PURPOSE OF REPORT

- 1.1 To provide Members with an update of progress made in respect of the peer review being undertaken as required by the Public Sector Internal Auditing Standards (PSIAS).

2. SUMMARY

- 2.1 The PSIAS external peer review has now been undertaken and a draft report has been received. The findings of the independent review has validated the results of the internal assessment undertaken towards the end of 2016/17 and the Internal Audit Manager will now review the previously drafted action plan in light of the peer review findings and build the improvement actions into the audit work plan.

3. LINKS TO STRATEGY

- 3.1 The work of Internal Audit Services provides assurance on the robustness of internal controls and the corporate governance arrangements operating within the Authority and identifies areas for improvement. Strong corporate governance arrangements are an essential element of ensuring that the Council's key priorities are effectively delivered and this in turn contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

4. THE REPORT

- 4.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1st April 2013 and introduced a requirement for internal and external assessments to be undertaken periodically to evaluate compliance with the Definition of Internal Auditing, the Code of Ethics and the Standards.

- 4.2 External assessments are required to be done every five years by someone with appropriate knowledge and experience and independent of the local authority. In order to keep costs to a minimum an arrangement has been put in place by the Welsh Chief Internal Auditors whereby all participating authorities will undertake a peer review of one other authority. Under this arrangement Caerphilly's Internal Audit Manager undertook a review of Rhondda Cynon Taff's internal audit function and Caerphilly's internal audit service has been reviewed by Monmouthshire's Internal Audit Manager.
- 4.3 The purpose of the external review is to independently validate the comprehensive internal self-assessment undertaken, the results of which were reported to the Audit Committee in December 2016.
- 4.4 The external review has been somewhat delayed due to the limited availability of the Chief Internal Auditor of Monmouthshire however the review was completed during the autumn and a draft report has recently been received.
- 4.5 The findings of the peer review are very similar to those identified within the internal assessment reported to the Committee in December 2016. Within the nationally agreed checklist there are approximately 300 best practice elements with less than 30 non conformances identified. The similarities between the two assessments does indicate that the in house review undertaken by the audit team was fair, honest and robust.
- 4.6 The conclusion within the draft report is that "the impact of the non conformance is not considered to be significant, and the Internal Audit of Caerphilly CBC complies with the standards in all significant areas and operates independently and objectively".
- 4.7 Arrangements have been made to meet and finalise the assessment report with the Chief Internal Auditor from Monmouthshire following which an exercise will be undertaken to cross match both the internal and external review findings to inform the ongoing improvement process and to ensure that all relevant actions are captured and included within the future work plan.
- 4.8 The finalised report and the revised action plan will be presented to the Audit Committee in April 2018 to provide assurance that the agreed actions are being dealt with.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

6. EQUALITIES IMPLICATIONS

- 6.1 There are no equalities implications.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no financial implications.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no personnel implications.

9. CONSULTATIONS

9.1 Any comments received have been reflected in the report.

10. RECOMMENDATIONS

10.1 Members are asked to note the progress made in relation to the external peer review and the commitment to present a final report and revised action plan to the Audit Committee in April 2018.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To ensure Members of the Audit Committee are aware of the professional standards by which the service operates.

12. STATUTORY POWER

12.1 Local Government Act 2000.

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