

| Report of: | Meeting | Date | Item no. |
|---|-----------------|--------------|----------|
| Corporate Director Resources (S151 Officer) | Audit Committee | 14 June 2022 | |

| |
|--|
| REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT |
|--|

1. Purpose of report

1.1 This report relates to the requirement for the authority to undertake an annual review of the effectiveness of the system of internal audit.

2. Outcomes

2.1 Evidence that the council has an effective internal audit function.

3. Recommendation

3.1 The Committee is asked to consider the results of the May/June 2022 review of the effectiveness of Internal Audit detailed in Appendix 1.

4. Background

4.1 The Accounts and Audit Regulations 2015 requires the relevant body, at least once a year, to conduct a review of the effectiveness of its system of internal audit. The purpose behind this is to ensure that the opinion in the annual audit report issued by the Head of Governance / Chief Audit Executive (CAE) can be relied upon as a key source of evidence in the Annual Governance Statement.

4.2 From the 1 April 2013 Public Sector Internal Audit Standards (PSIAS) replaced the Code of Practice for Internal Audit in Local Government. In Local Government these standards are mandatory for all principal local authorities subject to the Accounts and Audit Regulations 2015. The PSIAS were re-issued in March 2017 with minor amendments.

4.3 To accompany the PSIAS an 'application note' has been produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) to give guidance on applying the standards. This application note is no longer simply guidance but instead constitutes 'proper practices' alongside the PSIAS. It includes a checklist for measuring the performance of Internal Audit against the standards as part of the quality assurance and

improvement programme. The application note was re-issued in February 2019 with minor amendments.

- 4.4** The PSIAS state that an external assessment must be conducted at least every five years by a qualified, independent assessor or assessment team from outside the organisation. External assessment can be in the form of a full external assessment, or a self-assessment with independent external validation. The majority of the Lancashire Districts made the decision to continue with the annual self-assessment completed by the CAE and for the annual self-assessment to be independently verified via peer review. Wyre’s last peer review took place in March 2018 with the next review scheduled to be carried out in February 2023.

5. Key issues and proposals

- 5.1** The Audit, Risk and Performance Lead has assessed the effectiveness of the internal audit service using the recommended checklist contained within CIPFA’s Local Government Application Note. This has subsequently been scrutinised by the Head of Governance and Business Support and the Corporate Director Resources (Section 151 Officer).
- 5.2** Two actions require attention following this review namely; the updating of the Quality Assurance and Improvement Programme (QAIP) and the requirement to seek independent review of risk management arrangements through a peer review exercise. The results of the review are attached at Appendix 1.

| Financial and legal implications | |
|---|---|
| Finance | None arising directly from the report. |
| Legal | This will ensure good governance and probity. |

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

| risks/implications | ✓ / x |
|---------------------------|--------------|
| community safety | x |
| equality and diversity | x |
| sustainability | x |
| Health and Safety | x |

| risks/implications | ✓ / x |
|---------------------------|--------------|
| asset management | x |
| climate change | x |
| ICT | x |
| data protection | x |

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018

| report author | telephone no. | email | date |
|---------------|---------------|--|------------|
| Dawn Allen | 01253 887341 | Dawn.allen@wyre.gov.uk | 23/05/2022 |

| List of background papers: | | |
|-----------------------------------|------|--------------------------------|
| name of document | date | where available for inspection |
| None | | |

List of appendices

Appendix 1 – Review of the effectiveness of internal audit – May / June 2022