

Allerdale Borough Council

Audit Committee – 26 September 2022

Internal Audit Self Assessment 2021/22

Portfolio holder	Councillor Colin Sharp PH Finance & Legal
Report from	Michael Roper - Strategic Advisor: Assurance, Risk & Audit
Wards affected	All
Is this a key decision	No

1.0 The reason for the decision

- 1.1 To inform the Committee of the results of the self-assessment against the Public Sector Internal Audit Standards (PSIAS).

2.0 Recommendations

- 2.1 That the report is accepted subject to any additional information that the committee may require.

3.0 Background and Introduction

- 3.1 The Public Sector Internal Audit Standards were introduced in 2013 and last revised in 2017. The Standards reflect the mandatory elements of the Institute of Internal Audit's International Professional Practices Framework (IPPF), which defines the principles and standards required of Internal Auditors. The standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector
- 3.2. As well as defining Internal Auditing the standards include the following elements:
- Core Principles
 - Code of Ethics (Integrity, Objectivity, Confidentiality & Competence)
 - Attribute Standards
 - Performance Standards

3.3. The standards include the necessity for a quality assessment of compliance to the standards by a competently qualified external inspector every five years, supplemented by annual self-assessments.

4.0 External Quality Assessment (EQA)

4.1 The Internal Audit team was subject to an EQA (External Quality Assessment) of their compliance with the Public Sector Internal Audit Standards in 2017.

4.2 The next EQA of the Council's Internal Audit arrangements is due to be performed in 2022/23. However, local government reorganisation in Cumbria means Allerdale Borough Council will not exist after 31 March 2023. Current arrangements for Internal Audit would only be in place for a very short time after the EQA, meaning any benefit from the EQA is likely to be outweighed by the cost.

4.3 The department has performed annual self-assessments against the standards using a CIPFA checklist, which have not identified any concerns around conformance to the standards.

4.4 It is therefore proposed that the EQA review is not performed for 2022/23. This approach is similar to that taken by Cumbria County Council.

5.0 Self-Assessment.

5.1 The Chief Audit Executive (Strategic Advisor – Assurance, Risk & Audit) has performed an annual self-assessment against the standards using a CIPFA checklist.

5.2 During 2021/22 Internal Audit engagements and the annual audit opinion were delivered by an externally sourced contractor due to vacancies within the Assurance, Risk and Audit team.

5.3 The contractor has provided assurances over their compliance with the PSIAS. Where reliance has been placed on work delivered by the external contractor, these assurances have been reflected in the annual self-assessment.

5.4 From 2022/23 the Assurance, Risk and Audit function will be delivered internally following successful appointments to all vacant posts. A new working methodology has been introduced by the CAE based on a similar methodology in place at Carlisle City Council. This methodology has been subject to an EQA (2018) and annual self-assessments (July 2022) and was found to conform to the standards.

5.5 The assessment should be forward looking to ensure ongoing compliance with the standards. Where relevant the self-assessment accounts for changes to the methodology and the new internal team.

5.6 The results of the assessment are included at Appendix 1. The assessment indicated compliance with the standards, but includes improvement points and enhancements which will be implemented during 2022/23.

6.0 Implications and Impact

6.1 Contribution to Council Strategy Priorities, Outputs and Outcomes

The self-assessment provides assurances over Assurance, Risk and Audit's compliance with the PSIAS, which ensures work delivered by the team adds value to the achievement of business objectives, through systematic and independent review of the Governance, Risk Management and Internal Control Framework.

6.2 Finance/Resource implications

There are no additional finance or resource issues that have not been previously highlighted in this report or previously reported to the Committee.

6.3 Legal and governance implications

There are no additional legal and governance issues that have not been previously highlighted in this report or previously reported to the Committee.

6.4 Risk analysis

Acceptance of this report has no risk management implications other than the consideration of the Corporate Risks and Issues Log by the Committee in terms of oversight of the effectiveness of Risk Management Framework.

6.5 Increasing satisfaction and service

Deliver of Internal Audit assurance activity will ensure an effective Internal Audit service that adds value to the achievement of organisational objectives through reviewing and suggesting improvements to the Governance, Risk Management and Internal Control Framework.

6.6 Equality impacts

Equality impacts Equality is considered during the Assurance, Risk and Audit activities

6.7 Health and Safety impacts

Acceptance of this report has no health and safety impacts

6.8 Health, wellbeing and community safety impacts

Acceptance of this report has no health, wellbeing and community safety impacts

6.9 Environmental/sustainability impacts

Acceptance of this report has no environmental/sustainability impacts

6.10 Other significant implications

None

Appendices attached to this report

Appendix number	Title of appendix
1	Internal Audit Self-Assessment 2021/22

Background documents available

Name of background document	Where it is available

Report author(s) and contact officer(s):

Michael Roper

Strategic Advisor – Assurance, Risk & Audit

Michael.Roper@allerdale.gov.uk

07518294374