

# Informal Joint Performance and Audit Scrutiny Committee



Forest Heath  
District Council

<b>Title of Report:</b>	<b>External Quality Assessment of Internal Audit against the Public Sector Internal Audit Standards</b>	
<b>Report No:</b>	<b>PAS/FH/17/030</b>	
<b>Report to and date:</b>	Performance and Audit Scrutiny Committee	29 November 2017
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<b>Purpose of report:</b>	This report advises Members of the relevant requirements in respect of an external quality assessment of internal audit against the Public Sector Internal Audit Standards. The report covers the form that the assessment will take, how the assessor was chosen, what the assessment involves, what it will tell us, and when the results of the assessment will be reported.	
<b>Recommendation:</b>	<b>Performance and Audit Scrutiny Committee:</b>  It is recommended that Members <b>note</b> the contents of this report.	

<b>Key Decision:</b>  <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>		
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>The form of the external assessment was agreed in consultation with the Assistant Director Resources and Performance (as S151 Officer).</li> </ul>		
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>Lowest cost provider chosen to perform external assessment</li> </ul>		
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>		
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>		
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>		
<i>Are there any <b>equality</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>		
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
The internal audit service may not be operating in accordance with the Public Sector Internal Audit Standards, which may in turn reduce the effectiveness of the service.	Low	Annual internal self-assessments are undertaken to assess conformance with the Public Sector Internal Audit Standards, high level results of which are reported to Performance and Audit Scrutiny Committee.	Low
<b>Ward(s) affected:</b>		N/A	
<b>Background papers:</b>		N/A	
<b>Documents attached:</b>		<b>Appendix A</b> – External Quality Assessment of Internal Audit against the Public Sector Internal Audit Standards	

## **1. Key issues and reasons for recommendation**

### **1.1 Background Information**

1.1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (the 'Standards'), which have been in place since April 2013 (revised April 2013 and April 2017). The objectives of the Standards are to:

- define the nature of internal auditing within the UK public sector
- set basic principles for carrying out internal audit in the UK public sector
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning

1.1.2 The Standards require that, in order to independently assess conformance with these Standards, an external assessment of the internal audit function must be conducted at least once every five years, and the first such assessment must be completed by April 2018.

1.1.3 The purpose of this report is to inform Members regarding:

- requirements of the Standards in respect of the external assessment of the internal audit function, including the form that the assessment will take and how the assessor was chosen;
- what the assessment involves; and
- what the assessment will tell us, and when and how the results of the assessment will be reported.