

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	28 SEPTEMBER 2023
Report Title:	PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) - EXTERNAL PEER ASSESSMENT OF THE REGIONAL INTERNAL AUDIT SERVICE
Report Owner / Corporate Director:	HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE
Responsible Officer:	ANDREW WATHAN HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE
Policy Framework and Procedure Rules:	There is no impact on the policy framework and procedure rules as a result of this report.
Executive Summary:	<ul style="list-style-type: none"> • This report sets out to provide members of the Governance and Audit Committee with the Public Sector Internal Audit Standards External Peer Assessment of the Regional Internal Audit Service • Appendix A contains the Public Sector Internal Audit Standards External Peer Assessment of the Regional Internal Audit Service Report from the external assessor, Newport City Council. • The Public Sector Internal Audit Standards (PSIAS) became effective from 1st April 2013 (updated 2017) and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation. • There are 305 best practice lines within the PSIAS; the Regional Internal Audit Service is currently conforming to 305 of the requirements, with no partial conformance or non-conformance areas. • There were two areas for consideration which would further enhance conformance with the PSIAS, although these were not a significant concern: <ul style="list-style-type: none"> ○ 1000 Purpose, Authority and Responsibility (41) – To make reference to the Counter Fraud Strategy in the Internal Audit Charter.

	<ul style="list-style-type: none"> ○ 1230 Continuing Professional Development (96) – All Internal Audit staff to maintain a record of their training activities.
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1. Purpose of Report

- 1.1. The purpose of this report is to provide members of the Governance and Audit Committee with the Public Sector Internal Audit Standards External Peer Assessment of the Regional Internal Audit Service

2. Background

- 2.1. The United Kingdom Public Sector Internal Audit Standards provides the framework within which an internal audit service should function.
- 2.2. The Public Sector Internal Audit Standards (PSIAS) became effective from 1st April 2013 (updated 2017) and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.
- 2.3. The two possible approaches to external assessments outlined in the standard include either a full external assessment or an internal self-assessment which is validated by an external reviewer.
- 2.4. Members of the Welsh Chief Internal Auditor Group (WCIAG) elected to adopt the self-assessment approach, with another member of the WCIAG undertaking the validation; a peer review assessment. At the time this was agreed with the Section 151 Officers and the former Audit Committees of the regional service.

3. Current situation / proposal

- 3.1. The assessment involved a validation of a self-assessment of conformance against the PSIAS undertaken by the Acting Chief Internal Auditor at Newport City Council. The external report is attached at **Appendix A**.
- 3.2. The assessment comprised a desktop review of the self-assessment and supporting evidence and discussions were held with the previous Head of Regional Internal Audit Service to gain insight and views on the operation of the Internal Audit Team and adherence to the Standards.
- 3.3. In summary, there are 305 best practice lines within the PSIAS. A review of conformance against the PSIAS was undertaken during the period February to May 2023 by the Acting Chief Internal Auditor at Newport City Council, qualified via CIPFA with extensive internal audit management experience within local government. The Regional Internal Audit Service is currently conforming to all 305 of the requirements, with no partial conformance or non-conformance areas.
- 3.4. There were two areas for consideration which would further enhance conformance with the PSIAS, although these were not a significant concern:
 - 1000 Purpose, Authority and Responsibility (41) – To make reference to the Counter Fraud Strategy in the Internal Audit Charter.

- 1230 Continuing Professional Development (96) – All Internal Audit staff to maintain a record of their training activities.

3.5. As part of the self-assessment, the Regional Internal Audit Service, identified their own actions needed to strengthen arrangements where conformance was already being achieved. This summary can be seen at the beginning of Appendix C of the external report.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1. The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1. The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

8.1 There are no direct financial implications arising from this report however effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded. Conformance with national standards demonstrates a professional audit service continues to be delivered.

9. Recommendation

9.1 It is recommended that members of the Governance and Audit Committee give due consideration to the Public Sector Internal Audit Standards External Peer Assessment of the Regional Internal Audit Service at **Appendix A** and acknowledge and endorse that it is fully conforming to those Standards.

Background documents

None