

# **BRIDGEND COUNTY BOROUGH COUNCIL**

## **REPORT TO AUDIT COMMITTEE**

**30 JUNE 2016**

### **REPORT OF THE CHIEF INTERNAL AUDITOR**

#### **EXTERNAL ASSESSMENT**

##### **1. Purpose of Report**

- 1.1 To present to Members the draft scope for assessing the Internal Audit Shared Service compliance with the Public Sector Internal Audit Standards (PSIAS).

##### **2. Connection to Corporate Improvement Objectives / Other Corporate Priorities**

- 2.1 Internal Audit's work impacts on all of the Corporate Improvement Objectives and other Corporate Priorities.

##### **3. Background**

- 3.1 External Assessments are required to be undertaken to appraise and express an opinion about internal audit's conformance with the PSIAS' Definition of Internal Auditing and Code of Ethics and to include recommendations for improvement, as appropriate. An external assessment must be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the External Assessment will be approved by the Audit Committee.
- 3.2 At the Committee meeting held on 28<sup>th</sup> January 2016, Members expressed their preference for the External Assessment against the PSIAS to be carried out by an independent organisation rather than by Peer Review. It is proposed that the external assessment will be undertaken during the latter half of this Financial Year (2016-17) in order to comply with the requirements of the Standards.

##### **4. Current situation / proposal**

- 4.1 In accordance with the requirements of both Councils Audit Committees a procurement exercise will be undertaken to procure the most economically advantageous organisation to undertake an external assessment of the Bridgend and Vale Internal Audit Shared Service; ensuring compliance with the Vale of Glamorgan Council's Contract and Financial Procedure Rules.
- 4.2 In advance of the external assessment, the Head of Audit will complete the Checklist for Conformance with the PSIAS which is attached to the Local Government Application Note.
- 4.3 The Scope of the External Assessment will consist of a broad scope of coverage that includes a review of the following elements of Internal Audit activity:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, Internal Audit Shared Service Charter and the Annual Risk Based Audit Plan;
- Policies, Procedures, Practices and any applicable legislative and regulatory requirements;
- Integration of the Internal Audit activity into both Bridgend and the Vale of Glamorgan Councils' governance framework, including the audit relationship between and among the key officers and Members involved in the process;
- Tools and techniques used by Internal Audit; and
- The mix of knowledge, experience, and disciplines within the staff group, including staff focus on process improvement delivered through the Quality Assessment and Improvement Programme (QAIP).

- 4.4 The Head of Audit in consultation with the Section 151 Officer for the Vale of Glamorgan will confirm the Terms of Reference for the review, timescales and convenient dates for the review.
- 4.5 The outcome of the External Assessment will be reported to the Internal Audit Shared Service Board in the form of a written report. The results will be reported on to the Councils Corporate Management Team / Board and the respective Audit Committees.
- 4.6 The External Assessment report will be accompanied by a written action plan in response to significant comments and recommendations identified.
- 4.7 Any significant areas of non-compliance will be reported in the Annual Report of the Head of Audit for 2016-17 and in the Annual Governance Statement (AGS) if deemed necessary.
- 4.8 It should be noted that the same proposal will be presented to the Vale of Glamorgan Council's Audit Committee at their meeting to be held on 27<sup>th</sup> July 2016.

## **5. Effect upon Policy Framework & Procedure Rules.**

- 5.1 None

## **6. Equality Impact Assessment.**

- 6.1 There are no equality implications.

## **7. Financial Implications.**

- 7.1 There are no financial implications regarding this report.

## **8. Recommendation.**

8.1 That the Committee consider and approve the scope for the External Assessment.

**Helen Smith**  
**Chief Internal Auditor**  
**30<sup>th</sup> June 2016**

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**Background Documents**  
None