

Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Wednesday, 24 May 2023

Internal Audit Effectiveness Review

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. This report relates to the results of the self-assessment carried out by Internal Audit against the requirement of the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) as a means of assessing the effectiveness of Internal Audit.

Recommendations

2. That the Committee notes the results of the self -assessment recently undertaken as part of the Governance Committee’s consideration of the system of internal control.

Reasons for recommendations

3. Evidence that the Council has an effective Internal Audit Service.

Other options considered and rejected

4. None.

Corporate priorities

5. The report relates to the following corporate priorities: (Please bold one)

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

6. The Accounts and Audit (England) Regulations 2015 requires that the relevant body, at least once in a year, to conduct a review of the effectiveness of its system of internal audit. The purpose behind the review is to ensure that the opinion in the annual report by the Head of Audit / Chief Audit Executive (CAE) can be relied upon as a key source of evidence in the Annual Governance Statement.
7. The Public Sector Internal Audit Standards came into effect on the 1st April 2013 and are applicable to the whole of the public sector. A Local Government Application Note was produced by CIPFA in collaboration with the Chartered Institute of Internal Auditors as a sector specific requirement within the PSIAS framework. The LGAN was re-issued in 2019 with minor amendments.
8. One of the Attribute Standards within the PSIAS refers to a Quality Assurance and Improvement Programme (QAIP) which must comprise both internal and external assessments. This has been recently been reviewed and is included at **Appendix A**.
9. The QAIP states that internal assessments are both on-going and periodic, whilst an external assessment must be undertaken at least once every five years. External assessment can be in the form of a full external assessment or a self-assessment with independent external validation. The majority of Lancashire districts made the decision to continue with the annual self-assessment to be independently verified by a peer review. The last external assessment was conducted in April 2018 and reported to the Governance Committee with the next review scheduled for completion in June 2023.

Annual Assessment

10. In order to meet the requirements of the Accounts and Audit Regulations, a self-assessment has been carried out by the Service Lead Audit and Risk using the checklist contained within the revised LGAN. The LGAN states that if the periodic assessment is in the form of a self-assessment, the checklist contained within the guidance should be used for assessing conformance as it covers both the PSIAS and the LGAN.
11. The self-assessment is attached at **Appendix B** to this report. This demonstrates that the Service conforms with the Standards. There are 135 aspects of conformance, of which full conformance has been achieved for 129. There are 5 areas which are not applicable to the Internal Audit Service with only one area of partial conformance.
12. The Action plan at **Appendix C** shows the identified actions from the 2023 self-assessment. There is only the one action being carried forward to 2023 for the one area of partial conformance.

Climate change and air quality

13. The work noted in this report does not impact on the Councils Carbon emissions and the wider Climate Emergency and sustainability targets.

Equality and diversity

14. The material presented and discussed in this report has no direct implications on equality and diversity.

Risk

15. Failure to undertake the annual self-assessment against the PSAIS and LGAN will leave the Council unable to demonstrate that the Internal Audit Service conforms with the expected Standards.

Comments of the Statutory Finance Officer

16. No comment.

Comments of the Monitoring Officer

17. No comment.

Background documents

Public Sector Internal Audit Standards

Local Government Application Note

Appendices

Appendix A – Quality Assurance and Improvement Programme

Appendix B - Self Assessment

Appendix C – Action Plan

Report Author:	Email:	Telephone:	Date:
Dawn Highton (Head of Audit and Risk)	dawn.highton@chorley.gov.uk	01772625625	10.5.23