

Title of Report	EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT	
Presented by	Lisa Marron Audit Manager	
Background Papers	Public Sector Internal Audit Standards	Public Report: Yes
Purpose of Report	To present the findings, and associated action plan, of the External Quality Assessment of Internal Audit that was carried out in November 2020.	
Recommendations	THE AUDIT AND GOVERNANCE COMMITTEE NOTE THE REPORT.	

1.0 BACKGROUND

1.1. Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS) which have been in place since 1 April 2013, were revised on 1 April 2016 and further revised on 1 April 2017. The purpose of the PSIAS is to improve the professionalism and standing of internal audit, to support good governance in local government and to add value. The standards require periodic self-assessments and an assessment by an external person every five years. Blaby, Charnwood and North West Leicestershire Councils' internal audit teams were last externally reviewed in June 2015 (Blaby and North West Leicestershire) and August 2016 (Charnwood) and a re-evaluation was therefore due. There was a slight delay in the review as Charnwood joined the partnership in April 2020 and the Audit Manager wanted to ensure that everyone was following a consistent approach.

1.2. The external quality assessment was procured in adherence to NWLDC contract procedure rules and the Public Sector Internal Audit Standards guidance in selecting an appropriately qualified assessor. The approach was discussed with the shared service partners with the assessor, Elizabeth Humphrey of Tilia Solutions Corporate Governance Consultancy, selected by the Audit Manager and the Head of Legal and Commercial Services.

2. EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT

2.1. The external quality assessment was carried out w/c 30th November 2020 and took the form of validation of a self-assessment completed by the Audit Manager. The validation was carried out through a process of interviews with key officers and Chairs of Audit Committees (interviewees selected by the assessor), and document

review. The findings relate to each Council that is part of the Internal Audit Shared Service.

2.2. It is the assessors opinion that internal audit at Blaby, Charnwood and North West Leicestershire Councils **conforms with the PSIAS**. She identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity, stating that the team takes a flexible, structured and focussed approach to their audit assignments. It identified two minor non-compliances with the PSIAS, neither of which were deemed to affect the activities of the team.

2.3. The final report is included in full at Appendix 1, with the action plan produced by the Audit Manager included at Appendix 2. Although only two minor recommendations and two suggestions were made in the final report, the assessor did make further minor suggestions informally to the Audit Manager, therefore they are all included in the action plan.

Policies and other considerations	
Council Priorities:	An effective internal audit service supports all council priorities.
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment and Climate Change:	None.
Consultation/Community Engagement:	None.
Risks:	There are no specific risks associated with this report.
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