



**FINAL**

**Validation of a self-assessment of**

**Blaby, Charnwood and North West Leicestershire Councils' Internal  
Audit Team**

**08 December 2020**

**Elizabeth Humphrey CPFA**

## Validation of a self-assessment of Blaby, Charnwood and North West Leicestershire Councils' Internal Audit Team (December 2020)

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 (referred to as the CAE below) wanted to ensure that everyone was following a consistent approach. The previous reviews were all full evaluations; the CAE decided to have a validation of a self-assessment this time. The self-assessment also included checking compliance with the Local Government Advisory Note (LGAN) where this has requirements in addition to those in the PSIAS.

The validation was carried out through a process of interview and document review. A list of interviewees is included at appendix 2. I should like to thank all those who took the time to talk to me for their help. I reviewed two audits and the CAE reviewed a further five, all carried out during the 2019/20 and 2020/21 financial years. I also checked key documents including the Charter and reports to the Audit Committee.

I agree with the CAE's assessment against the PSIAS that internal audit at Blaby, Charnwood and North Leicestershire Councils **conforms with the PSIAS** (see appendix 3 for details of the PSIAS ratings). I identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity and the team takes a flexible, structured and focussed approach to their audit assignments. I identified two minor non-compliances with the PSIAS, neither of which affects the activities of the team. In addition, the team could further develop its approach to audit planning, especially for individual audit assignments, by increasing the emphasis on the relevant council's corporate priorities, risks and auditee concerns. In this way, auditors can demonstrate the support that they give to Blaby, Charnwood and North Leicestershire Councils and their activities to deliver the councils' plans and improve services. I have made two recommendations (R) and two suggestions (S) to support this. The CAE will need to take action to implement these and an action plan is included as appendix 1.

### Summary findings and recommendations

Standard	Conformance	Findings	Recommendations and suggestions	Rec no
<b>Mission</b>	Conforms	The mission is quoted in the Charter as required.		
<b>Core principles of internal audit</b>	Conforms	The team generally conforms to the core principles of internal audit. I have made some suggestions to develop this further.		
<b>Code of Ethics</b>	Conforms	All interviewees stressed the emphasis placed on ethics by the audit team and their independence and objectivity.  There was no overt reference to the <i>Seven Principles of Public Life</i> in audit guidance.	Refer to or quote the <i>Seven Principles of Public Life</i> in the Manual or elsewhere	R1
<b>Attribute standards</b>				
<b>I000</b> Purpose, authority and responsibility	Conforms	The Charter includes all the required information apart from a definition of the nature of assurance services provided to the councils (standard I000.A1).	Define the nature of assurance services in the Charter	R2
<b>I100</b> Independence and objectivity	Conforms	Independence and objectivity underpin the work carried out by the team.		
<b>I200</b> Proficiency and due professional care	Conforms	Audits are carefully planned, taking a risk-based approach, but this could be more overt for individual engagements.	Place risk at the front of all audit planning, especially in discussions with auditees	S1
<b>I300</b> Quality assurance and improvement programme (QAIP)	Conforms	Internal audit meets the standards with regards to QAIP activities. However, they could be more integrated into audit activities and I have made some suggestions to achieve this.	Look for ways to integrate QAIP activities across the audit team and audit year, by carrying out rolling reviews or similar	S2

Standard	Conformance	Findings	Recommendations and suggestions	Rec no
<b>Performance standards</b>				
<b>2000</b> Managing the internal audit activity	Conforms	Internal audit is well managed, with good planning, guidance and the expected reporting to senior management and the three councils' audit committees.		
<b>2100</b> Nature of work	Conforms	Internal audit's work covers all the areas required by the PSIAS and LGAN. It could be improved by increasing the links to the councils' corporate priorities, so demonstrating the contribution that internal audit makes to delivery for each council and auditees.		
<b>2200</b> Engagement planning	Conforms	Engagements are well planned, with a detailed engagement plan. Planning could be further improved with greater clarity about audit objectives and how the auditee and council will benefit from audit's work.		
<b>2300</b> Performing the engagement	Conforms	The review showed that audits are well-performed and clearly documented.		
<b>2400</b> Communicating the results	Conforms	Audit reports are clear and complete, and acknowledge satisfactory performance by giving an assurance level for each area examined.		
<b>2500</b> Monitoring progress	Conforms	The follow-up process complies with the standards.		
<b>2600</b> Communicating the acceptance of risks	Conforms	There was no evidence that risks have been left unmitigated following an audit, highlighting the priority given to audit findings.		

The Audit Manager has details of my conclusions, standard by standard.

Elizabeth Humphrey CPFA

## Appendix I: action plans

### Recommendations

No	Recommendation	Response	Responsible officer	Action date
R1	Refer to or quote the <i>Seven Principles of Public Life</i> in the Manual or elsewhere	Agreed. This will be included in the Internal Audit Charter as part of the next annual review in September 2021.	Audit Manager	September 2021
R2	Define the nature of assurance services in the Charter	Agreed. This will be included in the Internal Audit Charter as part of the next annual review in September 2021.	Audit Manager	September 2021

### Suggestions

No	Suggestion	Response	Responsible officer	Action date
S1	Place risk at the front of all audit planning, especially in discussions with auditees	Agreed.	Audit Team	January 2021
S2	Look for ways to integrate QAIP activities across the audit team and audit year, by carrying out rolling reviews or similar	Agreed. Will develop a rolling programme from 21/22.	Audit Manager	June 2021

## Appendix 2: interviewees

Person	Position	Council
Bev Angell	Chair of Audit Committee	CBC
Kerry Beavis	Senior Auditor	
Richard Bennett	Head of Planning and Regeneration	CBC
Tracy Bingham	Head of Finance	NWLDC
Chris Brown	Community Safety Team Manager	NWLDC
Rose Carrier	Auditor	
Luke Clements	Waste Operations Manager	BDC
Cllr Stuart Gillard	Chair of Audit and Governance Committee	NWLDC
Diane Harris	Auditor	
Cllr Mark Jackson	Chair of Audit and Standards Committee	BDC
Simon Jackson	Director of Environmental and Corporate Services	CBC
Lisa Marron	Audit Manager	
Sarah Pennelli	Strategic Director	BDC
Adrian Ward	Head of Strategic Support	CBC
Elizabeth Warhurst	Head of Legal and Commercial Services	NWLDC

### Appendix 3: conformance gradings

<b>Conforms</b>	The internal audit service complies with the standards with only minor deviations. The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
<b>Partially conforms</b>	The internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit and conformance to the standards.
<b>Non-conforming</b>	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the elements of the standards. These deficiencies will usually have a significant adverse impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the audit committee.