

# **PERTH AND KINROSS COUNCIL**

## **Audit Committee**

**7 November 2018**

### **EXTERNAL QUALITY ASSESSMENT**

**Report by the Chief Internal Auditor (Report No.18/358)**

#### **PURPOSE OF REPORT**

This report presents the outcomes of the validated self-assessment, which fulfils the requirements of the Public Sector Internal Audit Standards to ensure that there is an External Quality Assessment of Internal Audit.

#### **1. BACKGROUND / MAIN ISSUES**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that external assessments must be conducted at least once every five years by a qualified independent assessor or assessment team from outside the organisation. It requires that the chief audit executive must discuss with the board:
- The form of external assessments
  - The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.
- 1.2 The approach adopted by Perth & Kinross Council was considered by the Audit Committee in February 2014 (Report [14/38](#)). The Committee approved that the Council would take part in the Scottish Local Authorities Chief Internal Auditor Group's validation of the Chief Internal Auditor's Self Assessment model.
- 1.3 Perth & Kinross Council's Internal Audit function undertakes an annual review of compliance with the Public Sector Internal Audit Standards, with any specific areas highlighted for development reported to the Audit Committee within the Annual Report. The most recent review, and supporting evidence, was examined by the Acting Chief Internal Auditor of South Ayrshire Council.

#### **2. RESULTS OF THE VALIDATION**

- 2.1 The report detailing the outcome of the External Quality Assessment is attached as an appendix to this report. The overall conclusion is that the Internal Audit Service fully conforms with the PSIAS.
- 2.2 In addition, two further areas of good practice were highlighted, namely the experience of the Internal Audit team and the arrangements in place to demonstrate Internal Auditor's objectivity.

- 2.3 The report includes an Action Plan for areas that have been highlighted for improvement.

### 3. CONCLUSION AND RECOMMENDATIONS

- 3.1 This report presents the outcome of the external independent validation of Internal Audit's self-assessment of compliance with the Public Sector Internal Audit Standards.
- 3.2 It is recommended that the Committee notes the outcome of the independent validation of Internal Audit's self-assessment of compliance with the Public Sector Internal Audit Standards.

#### Author(s)

Name	Designation	Contact Details
Jackie Clark	Chief Internal Auditor	<a href="mailto:Internal.Audit@pkc.gov.uk">Internal.Audit@pkc.gov.uk</a>

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	None
Strategic Plan	Yes
<b>Resource Implications</b>	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
<b>Consultation</b>	
Internal	Yes
External	None
<b>Communication</b>	
Communications Plan	None

### 1. Strategic Implications

#### Corporate Plan

- 1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.2 This report relates to all of these objectives.

### 2. Assessments

#### Equality Impact Assessment

- 2.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 2.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

#### Risk

- 2.3 The risks are associated with the level of assurance provided on the control environment in the event that Internal Audit's planned work is not completed on time.

### **3. Consultation**

#### Internal

- 3.1 The Chief Executive and Head of Finance have been consulted in the preparation of this report.

### **2. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

### **3. APPENDICES**

Appendix – External Quality Assessment of the Internal Audit Service by South Ayrshire Council