

# PERTH AND KINROSS COUNCIL

## Audit Committee

16 September 2020

### INTERNAL AUDIT COMMON DEFINITIONS

Report by Chief Internal Auditor (Report No. 20/167)

#### PURPOSE OF REPORT

This report presents a proposal to adopt the use of common definitions for the reporting of overall results for Internal Audit assignments.

#### 1. BACKGROUND / MAIN ISSUES

- 1.1 The Public Sector Internal Audit Standards (PSIAS) provide the framework for the delivery of Internal Audit Services within the Council, and was most recently approved by the Audit Committee in September 2017 ([Report 17/313](#) refers).
- 1.2 Whilst the standards are consistent across the public sector, there has been no common practice, and little guidance, regarding how best to report the overall results of internal audit work at the end of each engagement.
- 1.3 CIPFA have published the outcome from their research regarding the communication of results using common definitions and recommend that these are applied throughout the public sector (see Appendix 1). This will allow for a more consistent understanding and approach to reporting across public sector organisations.
- 1.4 The Chief Internal Auditor is planning to apply these common definitions for Internal Audit work from 2020/21 onwards.

#### 2. CONCLUSION AND RECOMMENDATIONS

- 2.1 This report presents to the Committee CIPFA's document entitled "Internal Audit Engagement Opinions: setting common definitions."
- 2.2 It is recommended that the Committee notes:
  - i) the content of the CIPFA document; and
  - ii) approves these definitions to be applied for future Internal Audit work.

#### Author(s)

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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

#### Community Plan/Single Outcome Agreement

#### Corporate Plan

- 1.1 The Council's Corporate Plan 2018 – 2022 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 Head of Legal and Governance 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 1 – Internal Audit Engagement Opinions: Setting Common Definitions