

COMMITTEE	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE	<b>17 OCTOBER 2019</b>
TITLE	<b>EXTERNAL ASSESSMENT OF THE INTERNAL AUDIT SERVICE TO ENSURE CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)</b>
PURPOSE OF THE REPORT	<b>TO PRESENT THE RESULTS OF THE EXTERNAL ASSESSMENT</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO APPROVE THE REPORT AND COMMENT ON THE CONTENTS</b>

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## **1. INTRODUCTION**

- 1.1 The Public Sector Internal Audit Standards and CIPDA's Local Government Application Note requires the Audit Manager (the "chief audit executive" in the Standards' terminology) to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.
- 1.2 A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The Audit Manager should encourage oversight by the Audit and Governance Committee ("the board" in the Standards' terminology) in the quality assurance and improvement programme.
- 1.3 The quality assurance and improvement programme must include both internal and external assessments.
- 1.4 A checklist has been developed by the Relevant Internal Audit Standard Setters to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the Quality Assurance and Improvement Programme. It incorporates the requirements of the PSIAS as well as the Local Government Application Note in order to give comprehensive coverage to both documents.
- 1.5 An external assessment must be carried out at least once every five years by an independent, qualified reviewer from outside the organisation, either by conducting a full external assessment or a self-assessment validated by an external assessor.

## **2. INTERNAL ASSESSMENTS**

2.1 A self-assessment was conducted in 2017/18 and the results along with the Quality Assurance and Improvement Programme was presented to the Audit and Governance Committee on 13 July 2017.

## **3. EXTERNAL ASSESSMENTS**

3.1 In accordance with the Standards, external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. 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.

3.2 The Welsh Chief Internal Auditor's Group have collaborated to adopt a peer review approach in respect of external assessments, whereby the self-assessment will be validated by an external assessor. This arrangement was approved by the Head of Finance and the Assistant Head of Finance – Revenue and Risk.

3.3 The external assessment of Gwynedd Council's Internal Audit Service was conducted by the chief audit executive of Carmarthenshire County Council.

3.4 The report of the chief audit executive of Carmarthenshire County Council is included as an Appendix to this report. It provides details of conformance with the Standards and provides assurance that Gwynedd Council's Internal Audit Service "**Generally Conforms**" with the Standards.

## **4. RECOMMENDATION**

4.1 The Audit and Governance Committee is requested note and comment on the contents and approve the report.