

**REPORT TO:** Audit and Corporate Governance  
Committee

**LEAD OFFICER:** Executive Director (Corporate Services)

31st July 2018

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## **Internal Audit – Quality Assurance and Improvement Programme**

### **Purpose**

1. This report communicates the results of the Quality Assurance and Improvement Programme for Internal Audit, for consideration by the Audit & Corporate Governance Committee.
2. The Internal Audit Team has been externally assessed and the conclusion is that we “Generally Conform” with the Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN). This is a positive achievement for the team.

### **Recommendations**

3. The committee should note that the Internal Audit team has completed the Quality Assurance and Improvement Programme as required by the Public Sector Internal Audit Standards.

### **Reasons for Recommendations**

4. A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
5. The Accounts and Audit Regulations 2015 require that the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account public sector internal auditing standards or guidance.”
6. The Public Sector Internal Audit Standards require that we must develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity.
7. The Standards also 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.

### **Background**

8. The Greater Cambridge Shared Audit (GCSA) service completed the QAIP in March 2018 and commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to validate this by completing an External Quality Assessment.
9. This report updates the Committee on the outcomes of the External Quality Assessment (EQA).
10. The QAIP is a comprehensive piece of work which has helped us assess our compliance with the Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN). The PSIAS has three

overarching standards, four 'attribute' standards and seven 'performance' standards. Each of these has detailed supporting guidance which is used to complete the QAIP.

11. The QAIP has helped us to identify opportunities to improve the new shared service. The team has already made good progress with introducing a number of changes over the last quarter. Achievements include developing a new audit management system, and modernising our working templates. The EQA has validated our QAIP, endorsed our direction of travel, and made additional suggestions for developing the service. We have committed to implementing these and will update the committee with our progress as part of our ongoing QAIP.

### **Considerations**

12. The report, completed by our external assessor is included in Appendix A. It summarises the assessment and includes an action plan for further improvement.
13. The EQA concluded that the GCSA "Generally conforms" to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. This is the top level of accreditation as defined by CIPFA and a positive achievement for the team.

### **Implications**

14. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications. The report recognises the importance of staff resources and endorses that the Council reviews the structure of the team to include training roles, and further opportunities for career progression.

### **Effect on Strategic Aims**

15. Delivery of the audit plan aims to provide assurance that corporate systems and processes are robust and protect the Council.

### **Background documents**

16. Background papers used in the preparation of this report:
  - Public Sector Internal Audit Standards
  - CIPFA Local Government Application Note

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