

For publication

External Review of Internal Audit – Action Plan Progress Update

Meeting:	Standards and Audit Committee
Date:	16th February 2022
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

- 1.1 To present, for members' information, a progress update in respect of implementing the recommendations arising from the external review of internal audit.

2.0 Recommendation

- 2.1 That the report be noted.

3.0 Reason for recommendation

- 3.1 To provide members with the assurance that the Internal Audit Consortium is continually looking to improve and is actively implementing the recommendations arising from the external review.

4.0 Report details

- 4.1 The Public Sector Internal Audit Standards require that the internal audit service must have an external review at least every 5 years. In May 2021 an external review of the Internal Audit Consortium was undertaken the results of which were reported to this Committee. Although the results of the review were positive and the service is deemed to be compliant with the Standards, some recommendations were made to help aid further improvement of the service. This report is to detail the progress to date in implementing the recommendations made.

- 4.2 Appendix 1 details the recommendations made by the external reviewer, the proposed action and an update of the progress achieved so far.
- 4.3 Some recommendations have already been implemented and others are in progress. A number of the recommendations will be implemented from the 2022/23 financial year in order that we are not changing systems mid-year and to have time to train staff.
- 4.4 The main focus of the recommendations relates to ensuring that internal audit continues to increase their focus on risk and aligns to the Council's risk appetite. In order to do this we have aligned our assurance levels and recommendation priorities to the defined risk levels within the Council's risk management Strategy. The likely impact of this is that there will be more low priority recommendations and less medium and high priority recommendations as the Council's risk appetite as defined in its strategy is higher than our current definitions. A medium internal audit recommendation for example in future will be more significant than at present.
- 4.5 All of our documentation has been reviewed and updates made to our scoping document, audit test schedule and report template to further embed risk management throughout the audit process.
- 4.6 A further update on progress will be brought to this committee as part of the 2021/22 Internal Audit Annual Report.

5.0 Alternative options

- 5.1 The report is for information.

6.0 Implications for consideration – Council Plan

- 6.1 The increased focus of internal audit on risk management and the significant risks identified on the strategic risk register will help to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

7.0 Implications for consideration – Financial and value for money

- 7.1 An effective Internal audit service helps to ensure that the Council is delivering high quality, cost effective services.

8.0 Implications for consideration – Legal

- 8.1 None

9.0 Implications for consideration – Human resources

- 9.1 None

10.0 Implications for consideration – Risk management

- 10.1 The action plan attached to this report addresses the recommendations arising from the external review of internal audit thereby minimising the risk that internal audit is not operating in accordance with the Public Sector Internal Audit Standards.

11.0 Implications for consideration – community wellbeing

- 11.1 Whilst there are not considered to be any direct community and wellbeing impacts in relation to this report, an audit service fully compliant with the PSIAS will support the achievement of the Council's objectives.

12.0 Implications for consideration – Economy and skills

- 12.1 Whilst there are not considered to be any direct economy and skills impacts in relation to this report, an audit service fully compliant with the PSIAS will support the achievement of the Council's objectives.

13.0 Implications for consideration – Climate Change

- 13.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, an audit service fully compliant with the PSIAS will support the achievement of the Council's objectives.

14.0 Implications for consideration – Equality and diversity

- 14.1 None

Decision information

Key decision number	<i>All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.</i>
Wards affected	

Document information

Report author	
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Background documents	
None	
<i>This must be made available to the public for up to 4 years.</i>	
Appendices to the report	
Appendix 1	External Review of Internal Audit – Action Plan Progress