



# Borough of Telford and Wrekin

## Audit Committee

19 July 2022

### PSIAS External Assessment Outcome

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**Cabinet Member:** Cllr Rae Evans – Cabinet Member for Finance, Governance and Customer Services

**Lead Director:** Anthea Lowe – Director: Policy & Governance

**Service Area:** Policy & Governance

**Report Author:** Ken Clarke – Director: Finance & HR (Chief Financial Officer)  
Anthea Lowe – Director: Policy & Governance (Monitoring Officer)

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**Wards Affected:** All wards affected

**Key Decision:** No

**Forward Plan:** Not applicable

**Report considered by:** Senior Management Team – 28/6/2022

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#### 1.0 Recommendations for decision/noting:

1.1 It is recommended that members of the Audit Committee note the contents of this report.

#### 2.0 Purpose of Report

2.1 The purpose of the report is to present the summary findings of the recent external assessment of the Internal Audit teams compliance with the Public Sector Internal Audit Standards (PSIAS).

#### 3.0 Background

3.1 The Public Sector Internal Audit Standards, effective from 1st April 2013, contain the requirement for an external assessment of the Internal Audit function once

every 5 years. Our previous assessment took place in January 2017, therefore the council needed to ensure our second assessment was undertaken during 2022.

3.2 Members agreed, at the January 2022 Audit Committee meeting, that the Council would use a hybrid delivery model for the external assessment. This encompassed the Internal Audit team completing their own detailed self-assessment which was then verified by an independent external assessor. Following a competitive process, CIPFA were chosen to provide the external assessment element.

3.3 The self-assessment and external verification took place during April and May 2022. This involved the external assessor verifying the self-assessment and associated evidence provided by the Internal Audit Team and the conducting of interview with key stakeholders including the Audit Committee Vice Chair (in the Chairs absence).

3.4 The external assessor has produced a report on the findings of their verification. They key finding of the report is that:

*'It is our opinion that Telford & Wrekin Council's Internal Audit Service's self-assessment is accurate and, as such, we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note'*

3.5 The report also stated:

*'The Service is insightful and proactive and is a well-respected and professional operation that is valued by the Council's management'*

*'The standards expect internal audit services to take into consideration the organisational ethics when planning their work, something that is often difficult to achieve and often overlooked by Heads of Internal Audit. This is not the case for Telford and Wrekin as they use an 'ethics' questionnaire as part of their testing process when carrying out audits where sound ethical standards are a key element to the effective running of the activity. It is our opinion that this is an example of good practice that many other local authority internal audit services should consider adopting.'*

3.6 The report did include six '*minor observations*' that have been classified as advisory as they are more about enhancing the service rather than conformance to the standards. All of the actions have been accepted and will be implemented in full.

#### **4.0 Summary of main proposals**

4.1 There are no proposals relating to this report as it is for information only.

#### **5.0 Alternative Options**

5.1 There are no options relating to this report as it is for information only.

## **6.0 Key Risks**

- 6.1 The risks and opportunities in respect to this report will be appropriately identified and managed

## **7.0 Council Priorities**

- 7.1 The report supports the Council's values that are embedded in the delivery of all the Council's priorities

## **8.0 Financial Implications**

- 8.1 The cost of the external assessment by CIPFA was £4.4k and will be met from within existing resources in 2022/23. There are no further financial implications arising from this report. MLB 07.07.22.

## **9.0 Legal and HR Implications**

- 9.1 The Accounts and Audit Regulations 2015 (Part 2, paragraph 5) state 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. The information set out in this report illustrates the work that has been undertaken to meet the appropriate statutory requirements.

There is also a requirement to comply with the Public Sector Internal Audit Standards. Undertaking the audits as set out in the report and providing updates to this Committee contributes towards meeting these requirements.

In the event that an audit reveals an issue which requires a recommendation concerning a legal matter this can also be referred to the Council's Legal Services Team for further advice and assistance.

## **10.0 Ward Implications**

- 10.1 The work of the Internal Audit team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards.

## **11.0 Health, Social and Economic Implications**

- 11.1 There are no health, social or economic implications.

## **12.0 Equality and Diversity Implications**

- 12.1 All members of the Internal Audit Team have attended equal opportunities/diversity training. If any such issues arose during any work the appropriate manager would be notified.

The procurement for the External Assessment will follow proper practices in respect to procurement and equalities.

### **13.0 Climate Change and Environmental Implications**

13.1 All members of the Internal Audit Team are environmentally aware and if any issues were identified they would be notified to the appropriate manager. The procurement process will ensure appropriate sustainability.

### **14.0 Background Papers**

None.

### **15.0 Appendices**

None.

### **16.0 Report Sign Off**

<b>Signed off by</b>	<b>Date sent</b>	<b>Date signed off</b>	<b>Initials</b>
Legal	10/06/2022	16/06/2022	RP
Finance	10/06/2022	07/07/2022	MLB