

# RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

## MUNICIPAL YEAR 2023/24

<p><b>GOVERNANCE AND AUDIT COMMITTEE</b></p> <p><b>4<sup>th</sup> September 2023</b></p>	<p><b>AGENDA ITEM NO. 5</b></p>
<p><b>REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE in consultation with DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR – FINANCE, DIGITAL &amp; FRONTLINE SERVICES</b></p>	<p><b>Public Sector Internal Audit Standards (PSIAS) - External Peer Assessment of the Regional Internal Audit Service</b></p>

Author: Andrew Wathan (Head of the Regional Internal Audit Service)

& Lisa Cumpston (Audit Manager)

### **1. PURPOSE OF THE REPORT**

- 1.1 To provide members of the Governance and Audit Committee with the Public Sector Internal Audit Standards External Peer Assessment of the Regional Internal Audit Service.

### **2. RECOMMENDATIONS**

- 2.1 It is recommended that Members give consideration to the Public Sector Internal Audit Standards External Assessment of the Regional Internal Audit Service and acknowledge and endorse that it is fully conforming to those Standards.

**(Appendix A)** - the Public Sector Internal Audit Standards External Peer Assessment of the Regional Internal Audit Service Report from the external assessor, Newport City Council.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To keep the Governance and Audit Committee informed and to provide assurance that the Regional Internal Audit Service continues to provide a professional internal service in accordance with UK National Standards, the Public Sector Internal Audit Standards (PSIAS).

#### **4. BACKGROUND**

- 4.1 The United Kingdom Public Sector Internal Audit Standards provides the framework within which an internal audit service should function.
- 4.2 The Public Sector Internal Audit Standards (PSIAS) became effective from 1<sup>st</sup> April 2013 (updated 2017) and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.
- 4.3 The two possible approaches to external assessments outlined in the standard included either a full external assessment or an internal self-assessment which is validated by an external reviewer.
- 4.4 Members of the Welsh Chief Internal Auditor Group (WCIAG) elected to adopt the self-assessment approach, with another member of the WCIAG undertaking the validation; a peer review assessment. At the time this was agreed with the section 151 Officers and the former audit committees.

#### **Purpose**

- 4.5 The purpose of the external assessment was to help improve delivery of the audit service to an organisation. The assessment was designed to be a supportive process that identified opportunities for development which ultimately help to enhance the value of the audit function to the authority.

#### **Results**

- 4.6 The assessment involved a validation of a self-assessment of conformance against the PSIAS undertaken by the Acting Chief Internal Auditor at Newport City Council. The external report is attached at Appendix A.
- 4.7 The assessment comprised a desktop review of the self-assessment and supporting evidence and discussions were held with the previous Head of Regional Internal Audit Service (MT) to gain insight and views on the operation of the Internal Audit Team and adherence to the Standards.
- 4.8 In summary, there are 305 best practice lines within the PSIAS. A review of conformance against the PSIAS was undertaken during the period February to May 2023 by the Acting Chief Internal Auditor (DP) at Newport City Council, qualified via CIPFA with extensive internal audit management experience within local government. The Regional Internal Audit Service is currently conforming to all 305 of the requirements, with no partial conformance or non-conformance areas.
- 4.9 There were two areas for consideration which would further enhance conformance with the PSIAS, although these were not a significant concern:
- 1000 Purpose, Authority and Responsibility (41) – To make reference to the Counter Fraud Strategy in the Internal Audit Charter.
  - 1230 Continuing Professional Development (96) – All Internal Audit staff to maintain a record of their training activities.

- 4.10 As part of the self-assessment, the Regional Internal Audit Service, identified their own actions needed to strengthen arrangements where conformance was already being achieved. This summary can be seen at the beginning of Appendix C of the external report.

## **5. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY**

- 5.1 There are no equality and diversity or socio-economic implications as a result of the recommendations set out in the report.

## **6. CONSULTATION**

- 6.1 There are no consultation implications as a result of the recommendations set out in the report.

## **7. FINANCIAL IMPLICATION(S)**

- 7.1 There are no financial implications as a result of the recommendations set out in the report, but effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

## **8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 8.1 The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2018 as amended from time to time.
- 8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: "*A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.*"

## **9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT & FIVE WAYS OF WORKING**

### **THE COUNCIL'S CORPORATE PLAN PRIORITIES**

- 9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council's Corporate Plan 2020-2024 "Making a Difference", in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

### **WELL-BEING OF FUTURE GENERATIONS ACT & FIVE WAYS OF WORKING**

- 9.2 The wellbeing goals identified in the Act were considered in the preparation of this report. The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed. It is considered that

there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

**10. CONCLUSION**

- 10.1 The external peer assessment has been undertaken in accordance with the Public Sector Internal Audit Standards and the Council's Internal Audit Charter by the Acting Chief Internal Auditor of Newport City Council Internal Audit Team, qualified with extensive local government internal audit management experience.
- 10.2 The Council's Governance and Audit Committee is requested to consider and endorse the external peer assessment and the Regional Internal Audit Service's full conformance with the Public Sector Internal Audit Standards.

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**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**GOVERNANCE AND AUDIT COMMITTEE**

**4<sup>th</sup> September 2023**

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**Item 5**

**Background Papers**

None.

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