
INTERNAL AUDIT – EXTERNAL QUALITY ASSESSMENT

1.0 INTRODUCTION

- 1.1 This report is to inform the Audit and Scrutiny Committee of the findings from the recent external quality assessment of the Council's Internal Audit in accordance with the Public Sector Internal Audit Standards (PSIAS).

2.0 RECOMMENDATIONS

- 2.1 Members of the Committee are requested to review and endorse the findings of the assessment at Appendix 1 including the agreed action plan.

3.0 DETAIL

- 3.1 The mandatory Public Sector Internal Audit Standards (PSIAS), published in April 2013 and updated in March 2017, apply to all internal audit service providers in the UK public sector. To supplement the PSIAS, and provide specific guidance surrounding its application within a local government setting, the Chartered Institute of Public Finance and Accountancy (CIPFA) compiled a Local Government Application Note, (LGAN) which was updated in 2019.
- 3.2 The PSIAS require the Chief Audit Executive (the Chief Internal Auditor (CIA) in Argyll and Bute Council) to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation, and enable evaluation of the internal audit activity's conformance with the PSIAS, including the Mission of Internal Audit, Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
- 3.3 The Scottish Local Authorities Chief Internal Auditors' Group has developed an external quality assessment framework to satisfy the requirement for a five yearly external assessment. The attached report sets out the findings from the external quality assessment of Argyll and Bute Council's Internal Audit service, which was recently undertaken by the Chief Internal Auditor of East Dunbartonshire Council.

3.4 The key points/themes of the report to highlight are:

- The overall conclusion of the external assessment is that Argyll and Bute Council's Internal Audit service **fully conforms** with the PSIAS and the LGAN for internal audit in the United Kingdom;
- The team is highly qualified with a training plan in place to address any skills gaps within the team and delivers a high quality service for the Council and which is evident by the questionnaires returned after the completion of each review;
- A thorough and comprehensive audit pack was submitted and evidenced which assisted the assessment process.

3.5 The full assessment and observations by the assessor on each area of assessment are contained in Appendix 1.

4.0 CONCLUSION

4.1 The Internal Audit service has been assessed as fully compliant with PSIAS. Two minor areas were identified which could be further developed for completeness and ease of demonstration of compliance, both issues have been accepted. One of these recommendations has already been implemented and the other will be implemented as part of the review of the Annual Governance Statement and Internal Audit Annual Report later in the summer of 2023.

4.2 Overall the CIA is satisfied that comprehensive arrangements are in place within Argyll and Bute Council's internal audit service which strongly support the organisation and those charged with governance responsibilities, including but not limited to the Monitoring Officer, Section 95 Officer and the Audit and Scrutiny Committee.

4.3 The CIA would like to express his sincere appreciation to the Assessor, Gillian McConnachie who undertook a detailed and in depth review in accordance with the Standards and also for the fair and professional way it was undertaken.

5.0 IMPLICATIONS

5.1 Policy – None

5.2 Financial - None directly from this report however an effective Internal Audit service assists with effective governance and stewardship of Council resources

5.3 Legal – None

5.4 HR - None

5.5 Fairer Scotland Duty - None

5.5.1 Equalities – None

5.5.2 Socio-Economic Duty – None

5.5.3 Islands Duty - None

- 5.6 Risk – None
- 5.7 Customer Service - None

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Appendices:

1. **Argyll and Bute Council Internal Audit Service External Quality Assessment and action plan**