

AUDIT COMMITTEE

28 MARCH 2018

OUTCOMES FROM THE EXTERNAL ASSESSMENT OF THE SHARED INTERNAL AUDIT SERVICE, FEBRUARY 2018

Report of the Chief Internal Auditor

Purpose of report

The purpose of this report is to advise Audit Committee of the findings / outcomes from the external assessment of the Shared Internal Audit Service, which was performed in February 2018, in accordance with the requirements of the Public Sector Internal Audit Standards 2017.

Recommendations

It is recommended that Audit Committee:

- 1) Notes that the mandatory external assessment of Internal Audit took place in February 2018;**
- 2) Notes the opinion of the external assessor that the Shared Internal Audit Service is compliant with the requirements of the Public Sector Internal Audit Standards;**
- 3) Notes that there are some small areas in which the external assessor has recommended that further action is taken to enhance compliance with the Standards; and**
- 4) Notes that the external assessor's recommendations will be implemented fully during 2018/19.**

Link to Corporate Plan

The work of Internal Audit supports the framework of governance, risk management and internal control within Northumberland County Council and in turn supports all aspects of the Council's Corporate Plan.

Key issues

1. A self-assessment of the Shared Internal Audit Service's conformance to the Public Sector Internal Audit Standards was reported to Audit Committee in November 2017.
2. The Public Sector Internal Audit Standards also introduced a mandatory requirement for an external assessment of the internal audit function, which must be conducted at least once in every five years by a qualified, independent reviewer from outside of the organisation.
3. As agreed by Audit Committee, the external assessment of our Shared Internal Audit Service has been undertaken via a tri-partite arrangement involving Northumberland County Council / North Tyneside Council, Newcastle City Council and South Tyneside Council. Under this tri-partite arrangement, South Tyneside Council's Corporate Assurance Manager has undertaken the external assessment of our Shared Service.
4. The report from the external assessor is attached as **Annex A**. The opinion of the external assessor is as follows:

"This external assessment concludes that the Shared Internal Audit Service is compliant with the requirements of the Public Sector Internal Audit Standards. There are a small number of areas which require action but these do not significantly impact on the overall opinion."
5. This is a positive judgement on the conduct of the Shared Internal Audit Service. A small number of recommendations, including those already identified by the service through its self-assessment, were made by the external assessor to further enhance compliance with the standards. These are set out in Appendix 1 to the external assessment report.
6. Management responses to the recommendations made by the external assessor are also set out within Appendix 1 to the report. All recommendations will be implemented within 2018/19.

Implications

Policy	The role of Internal Audit is set out in the Internal Audit Charter, agreed in November 2017.
Finance and value for money	Internal Audit helps assess the economy, efficiency and effectiveness with which resources are deployed by the organisation.
Legal	Internal Audit is a statutory function required by the Accounts and Audit Regulations 2015. The conduct of Internal Audit is governed by a series of regulations which are codified in the Public Sector Internal Audit Standards 2013 (revised 2017), and the related Local Government Application Note. The Public Sector Internal Audit Standards require that Internal Audit is externally assessed at least once in every five year period. The results of the external assessment undertaken in February 2018 are the subject of this report.
Procurement	There are no procurement issues arising from this report.
Human Resources	There are no human resources issues arising from this report.
Property	There are no property issues arising from this report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> <input type="checkbox"/>	An equalities impact assessment is not applicable to this report.
Risk Assessment	There are no specific risks associated with this report.
Crime & Disorder	There are no crime and disorder issues arising from this report.
Customer Consideration	There are no direct customer considerations arising from this report.
Carbon reduction	There are no carbon reduction issues arising from this report.
Wards	All

Consultation

Audit Committee has been consulted in the approach to the external assessment required by the Public Sector Internal Audit Standards.

Background Papers

- Accounts and Audit Regulations 2015
- Public Sector Internal Audit Standards, 2013 (revised 2017) and related Local Government Application Note

Reports sign off

Finance Officer	N/A
Monitoring Officer/Legal	N/A
Human Resources	N/A
Procurement	N/A
I.T.	N/A
Portfolio Holder(s)	N/A

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