

AUDIT COMMITTEE: 27 March 2018

**PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND PEER REVIEW
REPORT OF THE HEAD OF FINANCE**

AGENDA ITEM: 4.2

Reason for this Report

1. The Public Sector Internal Audit Standards (PSIAS) require (in Standard 1312) that “external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.”
2. The assessment of Cardiff Council’s Internal Audit Section has been carried out by the Chief Audit Executive of a neighbouring council and this report has been prepared to provide Audit Committee Members with an update on the assessment of the audit team.

Background

3. The Audit Committee was advised, at the meeting on 30th November 2015, that it had been proposed by the Welsh Chief Auditors Group that the Welsh authorities establish a peer group to undertake the PSIAS assessments. The vast majority of authorities supported this approach and agreed to seek approval from their Managers within their authorities. This approach is consistent with a peer group established for Core Cities across the UK. This approach, based around a robust self-assessment and an external evaluation, fully meets the requirements of the Standard and has significant cost savings.
4. The Welsh authorities that used this approach shared a common terms of reference and were grouped to avoid any potential conflicts of interest. Cardiff Council was placed in a group with Rhondda Cynon Taf CBC (RCT) (where the Chief Audit Executive undertook the review of Cardiff Council) and Swansea Council (where the Chief Audit Executive of Cardiff Council undertook the review of Swansea Council).
5. Members are aware that it was agreed with the Chief Audit Executive (CAE) of RCT that the review of Cardiff Council could be delayed until Q3, 2017/18 to allow the embedding of the changes to processes and assurance definitions that were put in place from April 2017.
6. The assessment carried out by the CAE was based upon discussions with officers from Internal Audit and examination of supporting information provided to him (which included the annual self-assessment action plan, Audit Charter and process documents). The CAE considered that the narrative produced as part of the self-assessment was comprehensive, with references to documentary evidence to support the assessment.

The self-assessment had already identified areas where improvements could be made, but it was agreed that these are not significant deviations from the PSIAS.

7. The assessment did identify a small number of points for further consideration, with the aim of clarifying the arrangements already in place. The recommendations he suggested related to enhancing the information in the Charter and these were included in the draft Charter presented to the January meeting of this Committee.

Issues

8. The report prepared by the Chief Audit Executive from RCT is attached at Appendix A. The action plan is attached at Appendix B and shows the recommendations made, together with the proposed management actions. Four recommendations were made, which are considered to have a risk rating of amber / green (*low priority risk where routine management attention is warranted*). Three of the recommendations have been implemented and one will be implemented in due course.
9. The Chief Audit Executive is present at this meeting to answer any questions Members have on the action plan or the peer review process.

Legal Implications

10. There are no legal implications arising from this report.

Financial Implications

11. There are no financial implications arising from this report.

RECOMMENDATIONS

12. That the Committee notes the contents of the report.

IAN ALLWOOD
HEAD OF FINANCE
27 March 2018

The following is attached: **Appendix A:** Peer Review Report
Appendix B: Peer Review Action Plan