

AUDIT COMMITTEE: 19 September 2016

**PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) – EXTERNAL
ASSESSMENT**

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 10.2

Reason for this Report

1. This report has been prepared to provide Audit Committee members with an update on the proposed arrangements for the Public Sector Internal Audit Standards (PSIAS) - External Assessment.

Background

2. The Committee has been previously informed that a PSIAS assessment is required to be carried out at least once in every five years. This assessment is required to be carried out by external assessors.
3. Through membership of the Welsh Chief Auditor's Group it has been proposed and acted upon that a peer group is established in order to undertake such assessments. 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. A draft Terms of Reference has been drawn up and agreed between the participants and this was shared with Audit Committee Members in November 2015.

Issues

5. Work has been undertaken in order to group and match authorities to avoid any potential conflicts of interest. This exercise has determined that Rhondda Cynon Taff (RCT) will undertake the PSIAS assessment for Cardiff whilst we will undertake the PSIAS assessment for Swansea.
6. In anticipation of the external assessment, a self-assessment has been undertaken in 2016 and an action plan has been produced (Appendix A). This self-assessment identified good overall compliance, but some gaps between the prescribed PSIAS and the practice conducted by Cardiff Council Internal Audit.
7. The review process does not demand that there must be compliance to all requirements, but an understanding and justification for any deviations is expected at the time of the external review.

8. There are 12 recommendations that have been identified and whilst it is not necessary for each of them to be actioned in order to demonstrate compliance, the majority of them will be actioned. Where it is determined not to take forward a recommendation then a clear rationale will be provided. Currently, no decision has been taken not to undertake any of the 12 recommendations
9. It should be noted that one recommendation relates to the Audit Committee being that feedback is sought from the Chair of the Audit Committee in relation to the Performance appraisal of the Audit Manager.
10. The timetable is such that both assessments will be undertaken during the Autumn with a view to results being produced in January / February 2017.

Legal Implications

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

Financial Implications

12. There are no financial implications arising directly from this report.

RECOMMENDATIONS

13. Members to note the update on the activity being undertaken, prior to the external assessment being undertaken in October 2016, in compliance with the Public Sector Internal Audit Standards (PSIAS).
14. Members to consider the action plan and provide any views as to the status of any of the recommendations.

**IAN ALLWOOD
HEAD OF FINANCE**

The following appendix is attached:

Appendix A – PSIAS – Draft Action Plan