

REPORT TO: Business Efficiency Board

DATE: 7 February 2018

REPORTING OFFICER: Divisional Manager – Audit, Procurement & Operational Finance

SUBJECT: Internal Audit Peer Review

PORTFOLIO: Resources

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that an external assessment of the Council's internal audit arrangements should be carried out every five years.
- 1.2 In order to fulfil this requirement, an independent peer review of the Council's internal audit arrangements was conducted in September 2017 by senior Internal Audit representatives from other North West authorities. The purpose of this report is to inform the Board of the outcome of that review.

2.0 RECOMMENDATION:

That the Board consider the contents of the attached peer review report which confirms that the Council conforms to the Public Sector Internal Audit Standards.

3.0 OVERALL CONCLUSIONS FROM PEER REVIEW

- 3.1 The approach taken, findings and agreed actions from the peer review are set out within the attached report. The report concludes that the Council's internal audit arrangements conform to the PSIAS. The main conclusion also stated that:

'From discussion with the Chief Executive, Strategic Director - Enterprise, Community and Resources, Section 151 Officer and the Chair of the Business Efficiency Board, it was evident that Internal Audit are held in high regard within the Council. It was also clear that Internal Audit are perceived to add value to the effectiveness of the governance, internal control and risk management framework and this was supported by all stakeholder questionnaires'.

- 3.2 A small number of actions were agreed to further develop conformance with the PSIAS (see Appendix 3 of the attached report). These covered:

- Making some minor amendments to the Council's Internal Audit Charter;
- Formalising the supervision arrangements for the Head of Internal Audit through undertaking a formal Employee Development Review (EDR);
- Developing additional performance indicators for the internal audit function;

- Establishing a review cycle for the Internal Audit Methodology Manual and Methodology Overview;
- Completing an assurance mapping process to assist audit planning;
- Making some content and presentational amendments to the Internal Audit Annual Report.

3.3 During the peer review four additional recommendations were agreed (see Appendix 4 of the attached report). Whilst these specific points are out of scope of the PSIAS, they are considered contributory to the overall effectiveness and efficiency of the internal audit service.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from this report.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children and Young People in Halton

The provision of an effective internal audit service that conforms to the PSIAS supports the achievement of all the aims and objectives set out in the Corporate Plan.

5.2 Employment, Learning and Skills in Halton

See 5.1

5.3 A Healthy Halton

See 5.1

5.4 A Safer Halton

See 5.1

5.5 Halton's Urban Renewal

See 5.1

6.0 RISK ANALYSIS

This report is for information purposes only. However, the results of the peer review provide independent assurance that the Council's internal audit arrangements conform to the PSIAS. Failure to conform to the PSIAS could potentially compromise the quality of the assurance provided by internal audit over the Council's risk management, governance and control arrangements.

7.0 EQUALITY AND DIVERSITY ISSUES

None

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None