

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

05 September 2016

Report of the Chief Audit Executive

Part 1- Public

Matters for Information

1 EXTERNAL QUALITY ASSESSMENT

This report informs Members of the results of the External Quality Assessment (EQA) of the Internal Audit service undertaken in May 2016.

1.1 Introduction

1.1.1 The Public Sector Internal Audit Standards (PSIAS), which came into force on 1st April 2013, require that an independent EQA is undertaken at least every five years. The EQA provides an overall opinion on Internal Audit's conformance with the standards and an individual rating of Generally Conforms, Partially Conforms or Does Not Conform against each of the 56 Standards (or not applicable where it is felt a particular standard does not apply), as well as a RAG-rated summary against each heading.

1.1.2 While the EQA is a requirement of the PSIAS perhaps more importantly it provides this Committee with essential information and an independent view on the performance of Internal Audit, areas for development and the level of conformance with professional requirements including the Code of Ethics that forms part of the PSIAS. This allows the Committee to feel confident that the assurance provided by the work Internal Audit undertakes is safe and can be relied on.

1.2 Results

1.2.1 Currently the report is at draft stage while actions are agreed in relation to areas for development. For this reason the report is not attached here at this time, rather what follows is the Executive Summary which provides high level detail and demonstrates a positive outcome overall. A copy of the final report will be provided to members of the Committee as soon as it is available and hopefully in time for the Committee meeting.

EXECUTIVE SUMMARY

'The overall assessment resulting from the EQA is that the internal audit function "generally conforms to the IIA's professional standards". At a detailed level there

were only 8 out of 56 areas of partial conformance and some of these are quite minor. Internal audit is well valued and respected both by management and the audit committee.

The audit plans, the methodology, audit documentation and quality of work delivered are good and the team is keen to continue to develop.

Recommendations have been made for minor improvements. The team is well led by a very competent and experienced Chief Audit Executive. In the medium term the needs of the whole team in terms of resilience and breadth of expertise need to be considered in the context of its ability to utilise experienced personnel from Kent County Council Internal Audit or elsewhere.'

- 1.2.2 Proposed actions and timescales are being considered for the 8 Standards assessed as partially conforms and the report recognises that work was already in progress to address the majority of these areas through the 2016/17 Annual Audit Plan. It is therefore proposed that a follow-up review be undertaken to re-assess the partially conformant standards once actions are implemented thereby providing this Committee with further confidence in the work undertaken.

1.3 Legal Implications

- 1.3.1 The PSIAS require that an independent external quality assessment is undertaken at least every five years.

1.4 Financial and Value for Money Considerations

- 1.4.1 Not applicable for this report as the fee was previously agreed.

1.5 Risk Assessment

- 1.5.1 Failure to undertake an EQA is not only non-conformance with the PSIAS but means the Committee has no independent view of the quality of Internal Audit work and how safe/reliable the assurance provided is.

Background papers:
Nil

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