



## **Report of the Chief Auditor**

**Governance and Audit Committee – 31 May 2022**

### **Internal Audit**

#### **Self-Assessment of PSIAS Conformance 2021/22**

It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that internal audit providers must maintain a Quality Assurance and Improvement Programme (QAIP) which covers all aspects of the internal audit activity and is intended to assist in raising standards across the public sector and ensuring consistency in improvement.

The QAIP allows internal audit providers to be assessed, both internally and externally, to show that the provider is complying with the PSIAS. Part of the internal assessment involves an annual review of compliance with the PSIAS using the detailed checklist included in CIPFA's Local Government Application Note. CIPFA released an updated version of the Local Government Application Note in February 2019 and this updated version has been used to complete the self-assessment for 2018/19. The annual self-assessment also fulfils the requirement established in the Accounts and Audit (Wales) Regulations 2014 for an annual assessment of the effectiveness of the Internal Audit service.

An external assessment of compliance with the PSIAS must be completed at least once every 5 years and may either be a full external assessment or a self-assessment which is subject to independent external validation.

The first external assessment in Swansea was completed in quarter 4 2017/18. The assessment method adopted was a self-assessment subject to external validation using the peer review group established by the Welsh Chief Auditors Group. The validation was completed by Cardiff Council.

In summary, the peer review concluded that the City and County of Swansea's Internal Audit Section is broadly compliant with the PSIAS, with no significant deviations from the Standards being noted. Some areas for improvement were highlighted as part of the review. All recommendations arising from the review have been fully implemented.

The results of the annual internal assessment of compliance with the PSIAS using CIPFA's detailed Local Government Application Note can be found in the table in Appendix A.

Further details in relation to areas where the Service has been assessed as non-compliant or part-compliant can be found in Appendix B. This has been included for information to illustrate the change in the assessed compliance for two elements of the PSIAS that have been updated in 2021/22. The assessment for 2021/22 confirms that the Internal Audit Section is fully compliant with the PSIAS.

## APPENDIX A

In summary there are 336 best practice lines within the PSIAS. A self-assessment review of conformance against the PSIAS undertaken in March 2022 by the Chief Auditor concluded that the Internal Audit Section is fully compliant with the PSIAS.

The table below summarises the outcome of the self-assessment.

Standard	Conformance			Total
	C	P	N	
1. Mission of Internal Audit	1			1
2. Definition of Internal Audit	2			2
3. Core Principles	10			10
4. Code of Ethics	13			13
<b>5. Attribute Standards</b>				
1000. Purpose, Authority and Responsibility	21			21
1100. Independence and Objectivity	37			37
1200. Proficiency and Due Professional Care	21			21
1300. Quality Assurance and Improvement Programme	25			25
<b>6. Performance Standards</b>				
2000. Managing the Internal Audit Activity	41			41
2100. Nature of Work	30			30
2200. Engagement Planning	58			58
2300. Performing the Engagement	18	4		18
2400. Communicating Results	53			53
2500. Monitoring Progress	4		4	4
2600. Communicating the Acceptance of Risks	2			2
<b>Total</b>	<b>336</b>	<b>0</b>	<b>0</b>	<b>336</b>
<b>Percentage</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>

Key: C - Compliant. P – Part-compliant. N – Non-compliant.

<b>Summary of Part/Non-Compliance</b>					
<b>Ref</b>	<b>Conformance with the Standard</b>	<b>C</b>	<b>P</b>	<b>N</b>	<b>Evidence</b>
<b>6</b>	<b>Performance Standards</b>				
<b>6.4</b>	<b>2300 Performing the Engagement</b>				
	Does the CAE control access to engagement records?	✓	← ✓		<p>Update from 2021/22: (assessed as compliant, previously assessed as part-compliant)</p> <p>Historic paper files are held in cabinets within the Internal Audit Office in a secure building with no public access. The permission of the Chief Auditor is required before access to records is granted to anyone outside the Section.</p> <p>Electronic files are stored on the Galileo Audit Management System or on the Internal Audit Shared Online Folder, both of which are access restricted to Audit Staff only.</p>
<b>6.6</b>	<b>2500 Monitoring Progress</b>				
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓	← ✓	✓	<p>Update from 2021/22: (assessed as compliant, previously assessed as non-compliant)</p> <p>Ordinarily a report/memo is provided to the service manager and Head of Service recording the results of the follow up review but the original level of assurance awarded would not be revised on the basis of the results of a follow up review.</p> <p>However, if any significant issues were identified during a follow up review that indicate a deterioration in governance or control which warrant escalation, the issues would be reported to the service management, senior management, the Corporate Management Team and the Governance and Audit Committee if deemed necessary. If Internal Audit are unhappy with the results of the initial</p>

					follow-up review, subsequent reviews are undertaken to ensure satisfactory progress has been made to address the issues identified.
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Key: C - Compliant. P – Part-compliant. N – Non-compliant.

