

INTERNAL AUDIT - ANNUAL SELF-ASSESSMENT**1. EXECUTIVE SUMMARY**

- 1.1 This paper informs the Audit and Scrutiny Committee (the Committee) of the findings from the recent internal self-assessment of the Council's Internal Audit service performed by a member of the Internal Audit team.

2. RECOMMENDATIONS

- 2.1 Members are requested to review and endorse the findings of the assessment including the identified areas for improvement, where applicable.

3. DETAIL

- 3.1 The Public Sector Internal Audit Standards (PSIAS) require the Council's Chief Internal Auditor (CIA) to develop a Quality Assurance and Improvement Programme (QAIP). The purpose of the QAIP is to enable the evaluation of internal audit's conformance to the PSIAS. The QAIP must include annual internal self-assessments with a five yearly external assessment, carried out by an independent assessor.
- 3.2 The Council's last external independent assessment was reported to the Committee in March 2023 and concluded that internal audit demonstrated full compliance with PSIAS in all 14 areas of criteria, along with identified good practice. It also highlighted two minor areas for potential improvement which now have been fully implemented. A further internal self-assessment has been undertaken and again confirms compliance with all criteria.
- 3.3 The 2024 self-assessment exercise has been completed and the table below summarises the assessment of the service against each of the fourteen PSIAS assessment areas.

	PSIAS Assessment Area	Assessment
1	Mission of internal audit	Fully Conforms
2	Definition of internal auditing	Fully Conforms
3	Code of ethics	Fully Conforms
4	Purpose, authority and responsibility	Fully Conforms
5	Independence and objectivity	Fully Conforms
6	Proficiency and due professional care	Fully Conforms
7	Quality assurance and improvement programme	Fully Conforms
8	Managing the internal audit activity	Fully Conforms
9	Nature of work	Fully Conforms
10	Engagement planning	Fully Conforms
11	Performing the engagement	Fully Conforms
12	Communicating results	Fully Conforms
13	Monitoring progress	Fully Conforms
14	Communicating the acceptance of risks	Fully Conforms

- 3.4 The self-assessment identified a number of areas of good practice and no further areas for improvement – these are summarised in the table below.

Good Practice
Comprehensive Internal Audit Charter which is subject to annual review and approval
Robust procedures for ensuring independence and objectivity
CIA has regular engagement with senior management
Experienced and qualified team focused on continuous improvement
Robust and structured audit planning
Clear link between identified risks and audit work
Strong audit engagement review and supervision
Full and transparent audit reporting to Senior Management and Committee
Comprehensive follow up process
Regular progress reporting to Committee
Annual assurance mapping
Very positive feedback from services on audit approach and outputs
Area for Improvement
No actions outstanding.

4. CONCLUSION

- 4.1 The Internal Audit service has been self-assessed as fully conforming with PSIAS in all of the 14 assessment areas. This assessment is consistent with the opinions raised in the independent External Quality Assurance Assessment (EQA) reported to the Audit and Scrutiny committee in March 2023.
- 4.2 Overall, the CIA is of the view that this is a positive self-assessment which reflects well on the team and their ongoing commitment to improvement. This process is one element of assessing and determining compliance with best practice and mandatory requirements outlined by the relevant regulatory bodies. There will always be opportunity for improvement and development within the service and this will be reflected upon on a regular basis to improve the service we provide to the Council.
- 4.3 The Internal Audit service will continue to monitor compliance on an annual basis and also as part of the five yearly external quality assessment programme and will be subject to a comprehensive review undertaken by another local authority Chief Internal Auditor which is next scheduled for 2027/28.

5. IMPLICATIONS

- 5.1 Policy – Internal Audit continues to adopt a risk-based approach to activity
- 5.2 Financial –None
- 5.3 Legal –None
- 5.4 HR – None
- 5.5 Fairer Scotland Duty – None
- 5.5.1 Equalities – protected characteristics – None
- 5.5.2 Socio-Economic Duty – None
- 5.5.3 Islands – None

- 5.6 Climate Change – None
- 5.7 Risk – None
- 5.8 Customer Service – None
- 5.9 The Rights of the Child (UNCRC) – None

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