



**Audit and Standards Advisory
Committee**

1st August 2022

**Report from the Director of Legal,
HR and Audit & Investigations**

Internal Audit 2021-22 Annual Report – Addendum Report

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Two Appendix 1 – Summary of Audits Completed Appendix 2 – Brent EQA Engagement Plan
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Darren Armstrong, Head of Audit and Investigations Darren.Armstrong@Brent.gov.uk 020 8937 1751

1. Purpose of Report

- 1.1 This report is an addendum to the 2021-22 Annual Internal Audit report, which was as presented to the Audit and Standards Advisory Committee on 7th June 2022. The report provides an update in relation to the audit work that has subsequently been completed in accordance with the 2021-22 Internal Audit Plan.
- 1.2 The report also sets out the arrangements for the Internal Audit function undergoing an External Quality Assessment (EQA) in Q3 2022-23.

2. Recommendation

- 2.1. The Committee is asked to note the summary of audits completed since the update provided on 7th June 2022 (Appendix 1). The Committee is also asked to agree the External Quality Assessment Engagement Plan (Appendix 2).

3. Internal Audit Annual Report 2021-22 – progress update

- 3.1 The Internal Audit Annual Report for 2021-22 was presented to the Audit and Standards Advisory Committee on 7th June 2022. The report also included the

Head of Internal Audit's annual opinion on the Council's system of internal control.

- 3.2 At the time of compiling and preparing the annual report in May 2022, a number of audits remained in progress, and it was therefore not possible to report outcomes to the Committee.
- 3.3 A further five audits have subsequently been completed and summary outcomes can be found in **Appendix 1**. The completion of these five audits provides further support and evidence to the Head of Internal Audit's annual opinion on the Council's system of internal control.
- 3.4 Any remaining audit work relating to the 2021-22 plan has been carried-forward to the 2022-23, and outcomes will be reported to the Committee in-year, as in-line with usual practice.

4. External Quality Assessment

- 4.1 The Council has a statutory duty to maintain an adequate and effective Internal Audit function. Internal Audit's primary objective is to provide the Council, via the Audit and Standards Advisory Committee, with independent assurance that risk management, governance and internal control processes are operating effectively.
- 4.2 The Public Sector Internal Audit Standards (PSIAS) require that an External Quality Assessment (EQA) of Internal Audit is undertaken at least every five years. Brent's Internal Audit function was last subject to an EQA in [December 2018](#), which provided a '*generally conforms*' conclusion. In accordance with the PSIAS, the next EQA would be due in 2023; however, this has been brought forward following the appointment of a new Head of Internal Audit in October 2021, as in-line with recommended practice.
- 4.3 The PSIAS require that the Head of Internal Audit discusses the approaches to undergoing an external assessment with senior management and the Audit Committee. Furthermore, it also requires that the competence, qualifications and independence of the assessor be taken into consideration. As previously reported to the Audit and Standards Advisory Committee in December 2021, the Council has opted into the peer review scheme being managed and coordinated by the London Audit Group (LAG). As part of this scheme, LAG has organised a system of independent externally validated self-assessments by other members of LAG. Furthermore, LAG will also specify the method of inspection, templates and report format, whilst also moderating outcomes across participating authorities to help ensure consistency and to provide benchmarking opportunities.
- 4.4 To this end, we can report that the review of Brent's internal audit function will be led by Caroline Glitre, who is the Head of Internal Audit for the London Borough of Barnet and is appropriately qualified, independent and has no actual or perceived conflicts of interest.

- 4.5 The scope of the inspection will follow the CIPFA Local Government Application Note, which details how the PSIAS should be applied in practice within Local Government. The assessment will entail a review of documentation and processes, as well as interview with key stakeholders, including the Chair and Vice-Chair of the Committee, the Chief Executive, the S151 Officer, and other members of CMT as required. The full Engagement Plan is attached at **Appendix 2**.
- 4.6 The assessor will be required to conclude on whether the Internal Audit function complies with the PSIAS, whilst also commenting on the overall effectiveness of the function. On conclusion of the assessment, the assessor will present the outcomes to the Audit and Standards Advisory Committee (anticipated to be the February 2023 meeting).

5. Financial Implications

The report is for noting and so there are no direct financial implications

6. Legal Implications

All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and Accounts and Audit Regulations 2011 (as amended). The Public Sector Internal Audit Standards 2017, also require proper planning of audit work.

7. Equality Implications

None

8. Consultation with Ward Members and Stakeholders

None

Report sign off:

Debra Norman, Director of Legal HR Audit and Investigations