

**London Borough of Brent**

**Internal Audit**

**External Quality Assessment**

**Engagement Plan**

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## Introduction

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The Public Sector Internal Audit Standards (PSIAS) require an external quality assessment (EQA) be undertaken at least every five years, although more frequent assessments may take place. The PSIAS apply to all public sector internal audit service providers, whether in-house, shared services or outsourced.

Standard 1312 states:

*External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.*

The standards and interpreting guidance also require that the external assessor must conclude as to conformance with the Code of Ethics and the Standards. The lead assessor must demonstrate competence in the professional practice of internal auditing. Neither the lead assessor or any members of the assessment team should have an actual or perceived conflict of interest and they must not be a part of, or under the control of, the organisation to which the internal audit activity belongs. The scope of the assessment must be agreed with an appropriate sponsor, such as the Director of Finance or the Chair of the Audit Committee.

Across London, the London Audit Group has organised a system of independent externally validated self-assessments. It has been agreed that self-assessments against the standards, and where appropriate the Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note (LGAN) will be completed and that these will be externally validated by suitably qualified individuals or teams from other members of the London Audit Group.

This review of internal audit's performance at the London Borough of Brent 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. The terms of reference for this assessment were discussed and agreed with the Council's Director of Legal, HR and Audit & Investigations.

## Objectives

The objective of this External Quality Assessment is to provide the Council with an independent opinion about internal audit's conformance with the Standards, Code of Ethics and where appropriate CIPFA's Local Government Application Note. In keeping with guidance issued by the Chartered Institute of Internal Auditors and CIPFA, one of three overall opinions will be offered:

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|--------------------|---|
| Generally Conforms | The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, comply with the requirements in all material respects. |
|--------------------|---|

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|--------------------|---|
| Partially Conforms | The internal audit service falls short of achieving some elements of practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit.   |
| Does Not Conform   | The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the objectives and practice statements within the section or sub-sections. These deficiencies will usually have a significant negative impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the Audit Committee. |

## **Scope, Approach & Reporting**

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### Scope

During this EQA the following areas will be reviewed:

- Conformance against the Public Sector Internal Audit Standards which includes the Definition of Internal Auditing
- Conformance with the Code of Ethics
- Conformance with the Chartered Institute of Public Finance and Accountancy's Local Government Application Note.

### Approach

The EQA will begin with a self-assessment completed by the internal audit service followed by an independent, structured review of the assessment and supporting documents, which will include reviewing a sample of internal audit reports and supporting files.

A stakeholder survey will be undertaken using Microsoft Forms to gauge the reputation and impact of the internal audit service which will be supplemented by a series of interviews with key stakeholders to include:

- Chief Executive
- Director of Legal, HR and Audit & Investigations (Monitoring Officer)
- Director of Finance (S151 Officer)
- Strategic Director for Community Wellbeing
- Strategic Director, Customer & Digital Services
- Chair of the Audit and Standards Committee
- Vice Chair of the Audit and Standards Committee
- Members of the Audit and Standards Committee – offer interview and send survey
- Independent Advisor to the Audit and Standards Committee

## Reporting

A draft report will be prepared and discussed with the Head of Audit and Investigations before issue to the Director of Legal, HR and Audit & Investigations.

The final report will be issued to the following and the outcome of the EQA will be reported publicly at a future Audit Committee:

- Chief Executive
- Director of HR, Legal and Audit & Investigations (Monitoring Officer)
- Director of Finance (Sec 151 Officer)
- Chair of the Audit and Standards Advisory Committee
- Chair of the Audit and Standards Committee
- Members of the Audit and Standards Advisory Committee

## **Timetable**

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|--|-------------------------------------|
| Self-Assessment Completed and Provided to Assessor | <b>TBC</b>                          |
| Review of Self-Assessment Begins                   | <b>TBC</b>                          |
| Draft Report                                       | <b>TBC</b>                          |
| Final Report                                       | <b>TBC</b>                          |
| Audit Committee Reporting Date                     | <b>7<sup>th</sup> February 2023</b> |

## **Assessors**

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## **Agreement**

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This External Quality Assessment and Engagement Plan has been agreed by the Director of Legal, HR, Audit and Investigations and Director of Finance.

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