



**Audit and Standards Advisory  
Committee**  
20<sup>th</sup> March 2019

**Report from the Chief Finance  
Officer**

**Internal Audit External Quality Assessment – Updates on  
Actions**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	One Appendix A External Assessment Update
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Michael Bradley, Head of Internal Audit 020 8937 6526 Email: Michael.Bradley@brent.gov.uk

**1. Background and Terms of Reference**

- 1.1 In accordance with Standard 1312 of the UK Public Sector Internal Audit Standards (PSIAS) an external assessment of internal audit was conducted during October 2018. The principal objective of the assessment was to assess internal audit's conformance to the PSIAS.
- 1.2 The review was conducted using available evidence to support conclusions. Interviews were undertaken with the Head of Internal Audit, the Chair and Vice Chair of the Audit and Standards Advisory Committee, the Chief Executive, Chief Finance Officer and a number of Strategic Directors.

**2. Recommendations**

- 2.1. The Audit and Standards Advisory Committee note the content of the report.

**3. Original Conclusions**

- 3.1 Based on the work carried out the conclusion of the review is that the Brent Internal Audit Service 'Generally Conformed' with the PSIAS.

- 3.2 The outcome of the assessment reflected a professional and successful Internal Audit service and demonstrated a good level of compliance with the PSIAS. The service has a high degree of independence, in fulfilling the definition of internal auditing.
- 3.3 Some areas for improvement were identified. Details of these are provided in the Appendix to this report together with an update of progress.

#### **4. Financial Implications**

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

#### **5. Legal Implications**

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

#### **6. Diversity Implications**

None.

**Report sign off:**

**Conrad Hall**

Chief Finance Officer

## Appendix A

### Areas for Improvement and updates

Standard	Assessment	Suggested Improvement	Action Owner and Due Date	Current Status
1000 Purpose, Authority, and Responsibility	The position and reporting lines of IA within the organisation - both functional and administrative reporting lines – is not clearly stated in Audit Charter.	Include the position and reporting lines of IA within the organisation - both functional and administrative reporting lines - in Audit Charter review in 2019.	Head of Audit and Investigations 31 March 2019	Completed.  The Audit Charter was reviewed, updated and approved by the A&SAC in February 2019.
1220 Due Professional Care	There is no Audit Manual – only a single sheet protocol. Recent guidance written on Follow Ups, QA, Consultancy and Audit Programmes. No formal guidance on general IA activity.	Continue to produce papers on particular areas of practice that will eventually form an Audit Manual to cover key areas of audit process.	Internal Audit Manager  Ongoing	In progress  Papers have added including guidance on Audit Working Papers and documenting Findings.
1300 Quality Assurance and Improvement Programme (QAIP)	QAIP process and detail set out in draft paper on the IA guidance shared folder.  The culture of continuous improvement is an ongoing theme being developed with the new team including new KPIs as part of appraisal process.	Head of Audit and Investigations to review QAIP paper as part of ongoing team improvement.	Head of Audit and Investigations 31 January 2019	Completed  QAIP Plan and Guidance approved and added to IA Shared Folder.
2010 Planning	The audit plan establishes a link between the proposed audit topics and the priorities and risks of the organisation	Once revised strategic risk register is completed, link audits in 2019/20 plan to specific risks and report accordingly	Internal Audit Manager 31 March 2019	Completed  Audits in the 2019/20 Audit Plan are now directly linked to the Corporate Risks.

2070 External Service Provider	Co-sourcing IA providers PWC are monitored with regular meetings and audit tracking.  Contract KPIs not currently reviewed on a regular basis.	Regularly monitor and report on PWC KPIs.	Internal Audit Manager  Ongoing	Regular meetings with PWC now include reviews of achievement against the KPIs and identifying areas for improvement.
2120 Risk Management	Internal audit's role with regard to risk management should be set out in the internal audit charter. PWC currently engaged in running workshops in each directorate to assess and redraw risk registers. This in turn is intended to inform a revised corporate risk register and service level registers.  Risk Management not included in 18/19 Audit Plan due to above work.	Set out clearly IA's role and responsibility in risk management in Charter.  Consider including a review of risk management in 2019/20 Audit Plan.  Consider taking forward RM processes through meetings/workshops to ensure it continues to embed and develop.	Head of Audit and Investigations  31 March 2019	Completed.  The Audit Charter was reviewed, updated and approved by the A&SAC in February 2019.  Time has been allocated in the 2019/20 IA Plan in order to continue to educate, embed and develop RM across the organisation.
2201 Planning Considerations	File structure not always clear to ensure all documentation is clearly recorded.	Review audit file structure and include guidance.	Internal Audit Manager  31 January 2019	Completed  A revised audit file structure has been drawn up and agreed ready for use for the 2019/20 IA Plan.
2420 Quality of Communications	A review of report format is planned for quarter 4 to ensure any changes ready for beginning of 2019/20 Audit Plan.	Review current audit report format. Any changes to be agreed with senior stakeholders.	Internal Audit Manager  31 March 2019	Completed  A new report format has been designed and will be introduced for the 2019/20 IA Plan.

