

Audit Committee

26th March 2019



Report of: Chief Internal Auditor

Title: Peer Review Implementation Update

Ward: City-Wide

Officer Presenting Report: Jonathan Idle - Chief Internal Auditor

Recommendations

That the Committee:

1. Note the progress on the implementation of the recommendations from the Peer Review.

Summary

The Internal Audit Service was externally reviewed against the Public Sector Internal Audit Standards (PSIAS) in line with professional requirements in February 2018. The assessment concluded that Bristol City Council's Internal Audit Service "Generally Conforms" with the requirements of the Standards. This report highlights the status of the implementation of the recommendations contained in the Peer Review.

The significant issues in the report are:

- As at March 2019, 64% of the recommendations had been implemented with a further 32% in progress.



Policy

The external review of the Internal Audit function once every five years is a requirement of the Public Sector Internal Audit Standards (PSIAS) which are mandatory for the Internal Audit service within Bristol City Council.

Consultation

1. Internal

Interim Chief Internal Auditor, S151 officer, Corporate Leadership Board, Cabinet member for Finance, Governance & Performance, Audit Committee.

2. External

Not Applicable.

3. Context

In April 2013, a new set of Public Sector Internal Audit Standards (PSIAS) became effective. These standards apply to the Internal Audit function in all parts of the public sector in the UK and are mandatory. Within the PSIAS there is a requirement for an independent external review of the internal audit function once every five years. In order to address this requirement, the Core Cities Chief Internal Auditors Group set up a peer review process, managed by the constituent members, to provide the external reviews.

The purpose of the external review was to establish compliance with the PSIAS, ensure that governance is embedded within the service and identify areas where further improvement was required, thereby ensuring that the service is fit for purpose and free from any influencing factors which may impact on its independence.

The Peer Review was undertaken by the Chief Internal Auditor from Sheffield City Council and reported in February 2018. The outcome of the Review was reported in full to the Audit Committee in March 2018 and concluded that *“BCC’s Internal Audit Service **Generally Conforms** with the requirements of the Public Sector Internal Audit Standards. “The Internal Audit Service was assessed against 342 questions supporting the Standards, of which the reported outcome was:*

- 84% Fully Conformed
- 98% Fully / Partially Conformed

Areas were identified for improvement and the key themes are summarised as:

- The role of Internal Audit in the Council’s Risk Management process and its impact upon independence (Recommendations 1 & 16).
- Training and Appraisals (Recommendations 5-9 & 11).
- Working Papers (Recommendations 18 & 21).
- Reporting Format (Recommendations 2 & 24).
- Other Processes (Recommendations 13 & 19).

The Peer Review identified 28 recommendations, which if implemented, would further increase the level of conformity with the PSIAS and enhance the service.

4. Update on Implementation

The status of implementation of the 28 recommendations is set out in Appendix A.

In summary, as at March 2019, (with comparison to the status previously reported to the Committee in September 2018 in brackets):

- 64% (43%) complete (18 recommendations)
- 32% (46%) in progress (9 recommendations)
- 4% (11%) not complete. (1 recommendation)

5. Proposal

That the Committee note progress on the implementation of recommendations from the Peer Review.

6. Other Options Considered – N/A

7. Risk Assessment –N/A

Public Sector Equality Duties

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
 - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.
- 8b) No equalities assessment necessary for this report.

Legal and Resource Implications:

Legal - N/A

Financial – N/A

Land – N/A

Personnel – N/A

Appendices:

- **Appendix A –Peer Review Implementation Update September 2018**

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**Background Papers:**

- Public Sector Internal Audit Standards
- Local Government Application Note for UK Public Sector