

Leicester City Council Audit & Risk Committee
13 June 2018

**Report of Leicestershire County Council's Head of Internal
Audit & Assurance Service**

Internal Audit Service – Peer Review Outcome

Purpose of Report

1. To inform the Audit & Risk Committee of the outcome of the recently conducted peer review of Leicestershire County Council's Internal Audit Service.

Background

2. Provision of an adequate and effective system of internal audit is the responsibility of the City Council (the Council). The function is delegated to the Director of Finance, who shall provide an internal audit service to the City Council in accordance with statutory requirements and professional standards.
3. In January 2017, the City Mayor delegated the Council's internal audit function to Leicestershire County Council and its Internal Audit Service (LCCIAS) led by the Head of Internal Audit Service (HoIAS). Since 23 November 2017, LCCIAS has provided internal audit to the Council.
4. The Council's Audit & Risk Committee (the Committee) fulfils the role of 'board' for the purposes of the Public Sector Internal Audit Standards (PSIAS). The PSIAS exist to promote continued improvement in the professionalism, quality and effectiveness of the internal audit function. Within its terms of reference, the Committee has a duty to monitor and assess the role and effectiveness of the internal audit function.

5. At its meeting on 21 March 2018, the Committee was informed that there is a PSIAS requirement that each internal audit function should be subjected to an external assessment of its overall conformance with the standards once every five years by a qualified, independent assessor or assessment team from outside the organisation. A review of Leicestershire County Council's Internal Audit Service (LCCIAS) was due to be carried out by the end of March 2018. The preferred option was for a self-assessment of conformance by LCCIAS with independent validation being carried out through a peer review.
6. Veritau Limited had been commissioned to undertake an independent validation of LCCIAS' self-assessment. Veritau is a local authority shared service company which provides internal audit and other governance related services to its member councils and other public sector organisations. Veritau is independent of Leicestershire County Council and has had no previous involvement with the provision of internal audit services at the council.

Scope and methodology of the review

7. The HoIAS and his team compiled a self-assessment against the PSIAS and submitted it along with supporting evidence to the review team, Veritau's Head of Internal Audit and his deputy, both very experienced internal auditors..
8. The review team were on site at County Hall for two days and conducted interviews with the County Council's Chair of the Corporate Governance Committee, the Chief Executive and six Directors. To establish the views from other organisations that LCCIAS provides service to, the reviewers also interviewed the Chief Fire and Rescue Officer and for the Council, the Head of Finance. In addition the HoIAS and seven LCCIAS staff were interviewed. At the end of the two days, verbal feedback was provided to the County Council's Director of Corporate Resources and the HoIAS.
9. Internal audit electronic work files were provided to allow the reviewers to evaluate consistency and diligence in processes.

Outcome of the review

10. The reviewer's draft report was received on 11 April 2018 and is contained as the Appendix. The HoIAS has shared the report with the County Council's Director of Corporate Resources and it will be accepted without alteration.

