

Internal Audit Opinion 2016 17 Appendix 4

Compliance with the Public Service Internal Audit Standard and Local Government Application Note

During 2016 17 the internal audit service conducted a quality assurance and improvement programme as required by the Standards. Part of this programme is a self-assessment of the service against the code.

There are 327 requirements. Of these 25 are identified as not applicable mainly as these apply to future events. This leaves a remaining requirement of 302 of these 3 are identified as partial and 2 remain as non-compliant.

The two points of non-compliance are as below;

- Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?
- Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?

To address this we will;

- Ask the CEO and Chair of the Audit Committee to contribute to the Head of Finance's performance appraisal in his role as Chief Audit Executive.

The partial points are as below

1. Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?
2. Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?
3. If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?

The responses to these are that;

1. This has been reported to the Audit and Standards Committee, but the specific qualifications and independence of the assessment team has not been discussed as they were not identified in the Peer Review arrangements. Those directly involved in the Peer review will be independent of Burnley Borough Council and suitably experienced and qualified to undertake the Peer Review.
2. The approach has been reported to the Audit and Standards committee. The agreement to participation of the Chair and senior management has been obtained.

3. Where the CAE has operational responsibility these are overseen by the Internal Audit Manager and reporting to the Chief Operating Officer who is outside of Internal Audit.

At the time of production the Council is awaiting the External Peer Review, this assessment may impact on the actions required to ensure compliance.