

**SUBJECT: EXTERNAL QUALITY ASSESSMENT**

**REPORT BY: AUDIT MANAGER**

**LEAD OFFICER: JACLYN GIBSON, CHIEF FINANCE OFFICER**

## **1. Purpose of Report**

1.1 This report details the proposals for the 2022 External Quality Assessment (EQA).

## **2. Executive Summary**

2.1 The External Quality Assessment (EQA) is a review of the processes and practices within the Internal Audit function, in line with auditing standards. The scope includes a technical and effectiveness review.

2.2 The EQA is undertaken every 5 years and must be completed by 31<sup>st</sup> March 2022.

## **3. Assessment**

3.1 As the City Council works closely with Lincolnshire County Council as part of Assurance Lincolnshire it is proposed that we will jointly procure an external assessor. A final decision on the procurement route and companies/organisations to be invited has yet to be finalised. The last review was undertaken by CIPFA, the Chartered Institute of Public Finance and Accountancy.

3.2 The review involves a review of internal audit practice and audit work in line with standards as well as a wide range of meetings with members and officers.

The EQA can help:

- assess how well the organisation's internal audit function conforms to applicable standards, such as the Public Sector Internal Audit Standards (PSIAS)
- evaluate the performance of your internal audit in light of the established Charter and expectations of senior management; and
- identify areas of improvement, including how the value of the internal audit can be enhanced.

## **4. Delegation**

4.1 As the final procurement options have yet to be finalised it is proposed that delegated authority is granted to the Chief Finance Officer and the Chair of the Audit Committee to agree the way forward. Any decision will be reported back to Committee.

- 4.2 The outcomes of the assessment and any proposed recommendations will also be reported back to this Committee following completion of the assessment.

## 5. Strategic Priorities

- 5.1 An effective internal audit service is one way to help the Council ensures that it discharges its functions in accordance with its expressed priorities, as set out in Vision 2025, and that it does so in accordance with statutory requirements.

## 6. Organisational Impacts

- 6.1 Finance – the EQA fee is expected to be relatively low cost and by combining with the County Council should ensure better value for money. The cost of assessment will be funded from within existing cash limited budgets.
- 6.2. Legal Implications including Procurement Rules – The Council is required under the Accounts and Audit Regulations 2011 to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. These proper practices include conformance with audit standards which includes the EQA review requirement.

## 7. Recommendation

- 7.1 Members note the report and agree to the delegation arrangements outlined in para 4 above.

<b>Key Decision</b>	No
<b>Do the Exempt Information Categories Apply?</b>	No
<b>Call in and Urgency:</b> Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
<b>How many appendices does the report contain?</b>	None
<b>List of Background Papers:</b>	N/A
<b>Lead Officer:</b>	Jaclyn Gibson, Chief Finance Officer Telephone 873258