A12. **External Quality Assessment of Falkirk Council Internal Audit**

The Committee considered a report by the Internal Audit Manager providing an update on the findings of an External Quality Assessment of the Internal Audit section's compliance with Public Sector Internal Audit Standards by the Scottish Prison Service.

A requirement of the Public Sector Internal Audit Standards (PSIAS) was that the Internal Audit function was subject to annual self assessments and to an external assessment every five years. External Assessments can be after full external assessment or independent validation of the annual self assessment.

The external assessment had concluded that the Internal Audit was broadly compliant with the Public Sector Internal Audit Standards. This equated to 'substantial assurance'.

An action plan set out the recommendations arising from the assessment together with mitigating actions and timescales.

Following a question the Internal Audit Manager explained that he had asked the Scottish Prison Service to undertake the assessment as part of a reciprocal arrangement.

Following a question, on why the Internal Audit Manager had not accepted a recommendation that audit findings are graded, the Internal Audit Manager explained that by placing timescales for actions to be undertaken audit findings were essentially graded. He confirmed that this had also been highlighted by the External Auditors. Stephen Reid confirmed that this was the case and that he considered the grading of findings to be good practice.

Mr Bissett confirmed following a question that the SPS would carry out a follow up review of progress on the action plan.

Decision

The Committee:-

(1)   **noted the findings and action plan arising from the External Quality Assessment;**

(2)   **noted the overall conclusion that Falkirk Council Internal Audit section is broadly compliant with Public Sector Internal Audit Standards, and**

(3)   **recorded it's thanks to Scottish Prison Service Audit and Assurance Unit for carrying out the assessment.**