

North East Derbyshire District Council

Audit Committee

19th January 2026

Proposed External Review of Internal Audit

Report of the Head of the Internal Audit Consortium

Classification: For Publication

Report By: Jenny Williams: Head of the Internal Audit Consortium

Contact Officer: Jenny.Williams@ne-derbyshire.gov.uk

PURPOSE / SUMMARY

- The purpose of this report is to consult members on the format of the external review of internal audit that is required at least once every 5 years by Standard 8.4 of the Global Internal Audit Standards (GIAS).

RECOMMENDATIONS

- 1 That the Audit Committee authorise proceeding with the procurement of an external provider for the Internal Audit Consortium members and DDDC to undertake an independent validation of a self-assessment against the CIPFA checklist for conformance with the GIAS.
- 2 That the Audit Committee delegate authority to the Head of the Internal Audit Consortium and the Section 151 Officers (CBC, NEDDC, BDC & DDDC) to agree the specification of the assessment, to assess quotations received based on cost and quality and to appoint an external provider to undertake the assessment.
- 3 That it be noted that the delay in the publication of the CIPFA checklist in respect of the GIAS may result in the external review being slightly later than May 2026.
- 4 That the external assessors report once completed is presented to this Committee for review and comment.

IMPLICATIONS

Finance and Risk: Yes No

Details:

By the Internal Audit Consortium Members and DDDC procuring an external review together economies of scale will be achieved as all parties use the same standard documentation and methodology when completing audits.

A budget of £10,000 has been included in the 2026/27 budget estimates for the external review. The cost of the review will be split equally between the Consortium partners and Derbyshire Dales District Council.

On Behalf of the Section 151 Officer

Legal (including Data Protection): **Yes** **No**

Details:

On Behalf of the Solicitor to the Council

Staffing: **Yes** **No**

Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:	No
NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details:

Links to Council Plan priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.
The external review will ensure that internal audit is operating in accordance with best practice and thereby contributing to the achievement of the Council Plan by ensuring there are appropriate governance, risk and control processes in place.

REPORT DETAILS

1 Background

- 1.1 As the Committee are aware, the Global Internal Audit Standards became applicable to the public sector from the 1st April 2025 and the Internal Audit Consortium and DDDC Internal Audit section have been working towards full compliance with the Standards. As well as the Standards, conformance with the CIPFA Application note (Global Internal Audit Standards in the UK) must also be considered.
- 1.2 The Global Internal Audit Standards (GIAS) require that an external quality assessment should be carried out at least once every 5 years by a qualified, independent assessor or team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation. The last external assessment took place in May 2021 therefore the next external assessment is due in May 2026.

2. Details of Proposal or Information

- 2.1 In November 2024 the Head of Internal Audit undertook a self -assessment against the Global Internal Audit Standards and produced an action plan of what was considered necessary to achieve full compliance. Most of that action plan has been implemented. The main outstanding piece of work is the development of an Internal Audit Strategy.
- 2.2 The formal CIPFA checklist for assessing compliance with the GIAS is awaited (now due for publication mid- January 2026). The Head of Audit's opinion is that the external review would be better taking place once the CIPFA checklist is available and a further self - assessment has taken place against it. CIPFA are the authoritative body in local government and therefore validation against their checklist would provide strong assurance. This could potentially delay the external review past May 2026.

Means of Assessment

- 2.3 An external assessment can be undertaken or a self-assessment with independent validation.
- 2.4 A self -assessment involves evaluating your own performance and knowledge whilst an external assessment uses outside experts that will provide objective and unbiased feedback but is likely to be more costly. A combination of both is likely to offer the most effective and economic approach. The self-assessment completed by the Head of Internal Audit would be reviewed and validated by the external assessor who will also be able to guide further improvement.
- 2.5 An appropriate means of external assessment therefore would be by validating the Head of Internal Audit's self - assessment of performance against the CIPFA Global Internal Audit Standards conformance checklist.

Qualifications of Assessor

- 2.6 GIAS 8.4 sets out a requirement that when selecting the independent assessor or assessment team, the Head of Internal Audit must ensure at least one person holds an active Certified Internal Auditor designation. The Relevant Internal Audit Standards Setters (RIASS) for the UK have determined that this requirement is replaced by a requirement that at least one person has the characteristics outlined for head of audit qualification.
- 2.7 In considering whether a head of audit is suitably qualified, an organisation must be looking for:
 - CIIA, or a CCAB qualification, or an equivalent professional qualification which includes training on the practice of internal audit, and
 - suitable internal audit experience.

2.8 The Head of Internal Audit should use their professional judgement when establishing if the assessor is appropriately qualified but the following guidelines could be used: -

- Does the reviewer possess a recognised professional qualification?
- Does the reviewer have appropriate experience of internal audit e.g. 5 years at manager level within the public sector?
- Does the reviewer have detailed knowledge of leading practices in internal audit and current, in-depth knowledge of the GIAS and its applicability to the public sector?

Assessment Process

2.9 The external assessment would be carried out through a process of review of documentation e.g. the Internal Audit Charter, internal audit working papers and interviews/questionnaires. The external assessor may wish to speak to the section 151 Officers, the Chairs of the Audit Committees, audit staff and a sample of clients.

Procurement of Assessor / potential cost

2.10 Under Chesterfield Borough Council's procurement rules for goods and services between £1,001 - £10,000 quotations must be obtained from more than one supplier. In May 2021 the cost of the external review was £3,450. It is expected that this price will have risen due to inflation but also due to the increased complexities and newness of assessing against the Global Internal Audit Standards however it is anticipated that the review would still fall within this price range.

2.11 The cost of the review will be split equally between CBC, NEDDC, BDC and DDDC.

3 Reasons for Recommendations

3.1 Members of the Audit Committee have responsibility for Governance and need to be able to place reliance on internal audit therefore it is important that the Committee are consulted on the proposal for the external assessment of internal audit.

3.2 Consultation with the Committee in respect of the external review is a requirement of the GIAS.

4 Alternative Options and Reasons for Rejection

4.1 It is a requirement of the GIAS to have an external review of internal audit and failing to do so may mean there is a risk that any failings within the internal audit service will be undetected.

DOCUMENT INFORMATION

Appendix No	Title
	<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)</p>