

## ITEM No ...8.....

**REPORT TO:** SCRUTINY AND AUDIT COMMITTEE - 22 APRIL 2026

**REPORT ON:** ARRANGEMENTS FOR THE EXTERNAL QUALITY ASSURANCE OF INTERNAL AUDIT

**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES

**REPORT NO:** 94-2026

### **1.0 PURPOSE OF REPORT**

1.1 This report discusses the options for obtaining the external quality assurance review of Internal Audit's conformance with auditing standards (EQA) and seeks the Committee's agreement to the proposal that the council continue to be part of the Scottish Local Authority Chief Internal Auditors Group (SLACIAG) peer review process.

### **2.0 RECOMMENDATIONS**

2.1 It is recommended that the Committee:

- (i) agree to continue with the current arrangement for the EQA; and
- (ii) note that if approved the Chief Internal Auditor will engage with SLACIAG to arrange the review in due course.

### **3.0 FINANCIAL IMPLICATIONS**

3.1 None if the proposal is agreed.

### **4.0 BACKGROUND**

4.1 The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) forms part of the GIAS (UK Public Sector).

4.2 The Code requires the Audit Committee to agree the arrangements proposed by the Chief Audit Executive Chief Internal Auditor) and senior management for the quality assurance assessment that is required at least once every five years. GIAS (UK Public Sector) specifies the qualification requirements of the review team.

4.3 The proposals were discussed by CLT on 24 March 2026.

### **5.0 CURRENT POSITION**

5.1 The Council has previously been part of a validated self-assessment peer review process arranged through SLACIAG. The last EQA was reported to the December Scrutiny and Audit Committee in report 251-2025. That review assessed the arrangements against the Public Sector Internal Audit Standards (PSIAS) applicable until 31 March 2025.

5.2 The next review of the Council's arrangements will be required in 2029/2030. If we remain with the SLACIAG process the Chief Internal Auditor and members of the Internal Audit team will be required to undertake a peer review, the timing of which could be before the end of 2026.

## 6.0 PROPOSALS

6.1 There are two types of EQA:

- Full review, or
- Validated self-assessment review (this is what the SLACIAG review is).

6.2 The options for the arrangements in future are:

- Continue with the SLACIAG validated self-assessment peer review;
- Commission another suitably qualified third party to undertake a full review, or
- Commission another suitably qualified third party to undertake a validated self-assessment review.

6.3 There are a number of suitably qualified third parties that could be asked to quote for the work, including CIPFA, IIA, and a number of firms that have sufficient knowledge of Local Government to satisfy the requirements set out in the GIAS (UK Public Sector).

6.4 SLACIAG is updating their process to take account of GIAS (UK Public Sector) and it is intended to be finalised later in 2026. The process will involve a self-assessment questionnaire that covers all aspects of the GIAS (UK Public Sector) requirements. The review will consider the self-assessment against the requirements and good practice and confirm supporting evidence. Officers and members of the Scrutiny and Audit Committee will be consulted as part of the review.

6.5 A SLACIAG provided review team will conform to the specified qualification requirements of the review team.

6.6 A third party full review is likely to be more expensive than a validated self-assessment and has therefore been discounted as an option for further consideration. The advantages and disadvantages of the remaining two options relating to a validated self-assessment are summarised in the table below.

<b>Peer review process</b>	<b>Suitably qualified third party</b>
<b>Advantages</b>	<b>Advantages</b>
No financial cost	Timing may be easier to arrange to suit our needs
Opportunity for sharing of good practice amongst Local Authorities taking part and a practical learning opportunity for the review team	Opportunity for good practice to be highlighted
The peer reviewer is a team delivering Internal Audit services in another Scottish Local Authority and therefore has directly applicable experience	No requirement to provide reciprocal review
<b>Disadvantages</b>	<b>Disadvantages</b>
Timing of reviews has slipped in the past due to resourcing issues with some peer reviewers and this may arise again	Cost is likely to be several thousand pounds
Opportunity cost of the time of Internal Audit team members to undertake a peer review once every five years	Time to specify requirements and undertake a procurement exercise

- 6.7 It is recommended that the current SLACIAG peer review option is retained primarily because it has no financial cost and provides a learning opportunity for the Council's Internal Audit team members.

## **7.0 POLICY IMPLICATIONS**

- 7.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

## **8.0 CONSULTATIONS**

- 8.1 The Council Leadership Team have been consulted in the preparation of this report.

## **9.0 BACKGROUND PAPERS**

- 9.1 No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than containing confidential or exempt information) were relied on to a material extent in preparing the above report.

**PAUL THOMSON**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**DATE: 24 MARCH 2026**

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