

# Report to Audit Committee

29<sup>th</sup> March 2023

By the Horsham Chief Internal Auditor



## INFORMATION REPORT

Not Exempt

### Orbis Internal Audit – Independent External Assessment Report

## Executive Summary

The purpose of the report is to summarise the results of the recently completed independent external assessment of Orbis Internal Audit (Orbis IA). The Public Sector Internal Audit Standards (PSIAS) requires internal audit teams to be externally assessed at least every five years, to ensure that professional standards are being complied with. The review was undertaken by the Chartered Institute of Internal Auditors who are one of the bodies that set the standards. External Assessor consulted a selection of key stakeholders, including the Audit Committee Chair and Section 151 Officer for Horsham DC

## Recommendations

The Committee is recommended to:

- Note the findings from the report, including those areas identified where opportunities for further improvement may exist for the future.

## Reasons for Recommendations

- To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017).
- The Audit Committee is responsible for reviewing the effectiveness of the Council's systems of internal control.

## Background Papers

Chartered Institute of Internal Auditors EQA (External Quality Assessment) Report.

**Wards affected:** All.

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## Background Information

### 1 Introduction and Background

#### Background

- 1.1 Earlier this year, the respective Senior Leadership Teams and Audit Committees at Brighton & Hove City Council, East Sussex County Council, and Surrey County Council approved the appointment of the IIA (Institute of Internal Auditors) to carry out an independent external assessment of Orbis Internal Audit against PSIAS (the Public Sector Internal Audit Standards). These Standards require such an assessment to be undertaken at least once every five years, with the scope including an assessment of compliance, benchmarking against best practice and an assessment of Internal Audit's profile and impact within client organisations.

#### Supporting Information

- 1.2 The review was completed during the Autumn 2022 and incorporated a full validation of the service's own comprehensive self-assessment, interviews with key stakeholders from across all the Orbis partner councils and discussions with Internal Audit team members. A copy of the assessor's full report is attached as Appendix A, with the key headlines summarised in section 3 below.

### 2 Relevant Council Policy / Professional Standards

- 2.2 The Council's Constitution supports the statutory requirements outlined above. Financial Procedure Rule 4e 27 states that: "The Chief Finance Officer ensures the Council has appropriate arrangements in place to maintain an adequate and effective internal audit. The terms of reference for Internal Audit are detailed in the Council's Internal Audit Charter which is approved and reviewed annually by the Audit Committee".
- 2.3 Internal Audit follows the mandatory standards set out in the Public Sector Internal Audit Standards (PSIAS) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors.

### 3 Details

- 3.1 It is pleasing to report that Orbis IA has been assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary, the service was assessed as:

- **Excellent** in:
  - Reflection of the Standards
  - Focus on performance, risk and adding value
- **Good** in:
  - Operating with efficiency
  - Quality Assurance and Improvement Programme
- **Satisfactory** in:
  - Coordinating and maximising assurance

3.2 In order to provide some further context to this outcome, of the nineteen assessments carried out by the IIA in 2021/22 (covering both public and private sectors), only two others were assessed as 'Excellent' against the standards.

3.3 In summarising their findings, the assessors commented that Orbis IA:

*'..are an established internal audit service, highly valued by the key stakeholders we spoke to in this EQA review';*

*'..team members have diverse professional backgrounds, qualifications, experience and skills, making them a flexible and effective service';*

*'..can tackle a wide range of assurance and investigatory challenges and there is considerable ongoing investment in learning, development and upskilling';*

*'Key stakeholders are very confident in their competence, organisational knowledge, plans and reporting. Individual comments were very supportive, with no material areas for improvement identified'.*

3.4 As explained above, in conducting this review the assessors undertook interviews with a wide range of stakeholders from across the Orbis partner authorities and external clients, which included Chief Executives, Chief Officers/Executive Directors, Chief Finance Officers and Chairs of audit committees. It is extremely pleasing to report that the feedback received was overwhelming positive with high degrees of customer satisfaction throughout. Summaries of this feedback are provided from page 14 within the assessor's report attached as Appendix A.

3.5 Whilst no formal recommendations in relation to the Standards were raised, the assessors did take the opportunity to highlight some areas which could support the future development of the service. These have been summarised in Appendix B to this report, along with a response and commentary in relation to each area

## **4 Next Steps**

4.1 The report is for information only, and there are no specific steps to be undertaken.

## **5 Outcome of Consultations**

5.1 The External Assessor consulted a selection of key stakeholders from the three partner authorities named above, and also main client, Horsham DC.

## **6 Other Courses of Action Considered but Rejected**

6.1 Not applicable.

## **7 Resource Consequences**

7.1 There are no resource consequences for Horsham. The review was financed and resourced by Orbis IA.

## **8 Legal Considerations and Implications**

8.1 There are no legal considerations or implications.

## **9 Risk Assessment**

9.1 All Internal Audit work is undertaken using a risk-based approach.

## **10. Procurement implications**

10.1 There are no procurement implications arising from this report as this report is for noting.

## **11. Equalities and human rights implications / public sector equality Duty**

11.1 There are no implications under equalities and human rights nor the public sector equality duty as this report is for noting.

## **12. Environmental implications**

12.1 There are no environmental implications as this report is for noting.

## **13. Other Considerations**

13.1 There are no consequences arising from GDPR / Data Protection or crime and disorder as this report is for noting.