

REPORT TITLE: INTERNAL AUDIT EXTERNAL QUALITY ASSESSMENT 2020

12 NOVEMBER 2020

REPORT OF CABINET MEMBER: CLLR CUTLER – DEPUTY LEADER AND PORTFOLIO HOLDER FOR FINANCE AND RISK

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WARD(S): ALL

PURPOSE

The purpose of this paper is to present the outcome of the recent external quality assessment of the Southern Internal Audit Partnership (SIAP) against the International Professional Performance Framework (IPPF), the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) required as part of the Standards (Attribute Standard 1312 – External Assessment).

RECOMMENDATIONS:

1. The Audit and Governance Committee note the Internal Audit External Quality Assessment 2020 attached as Appendix 1.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 Internal audit plays a vital role in supporting the Council accomplish plan outcomes by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.2 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.
- 1.3 The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council Plan Outcomes.

2 FINANCIAL IMPLICATIONS

- 2.1 None directly, the cost of the external assessment is included within the overall partnership arrangements with the Council.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None directly from this report.

4 WORKFORCE IMPLICATIONS

- 4.1 None directly from this report.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None directly from this report.

6 CONSULTATION AND COMMUNICATION

- 6.1 The Strategic Director (Resources) and Corporate Head of Resources have been consulted on the External Quality Assessment 2020

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None directly from this report.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 Not required.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 Not required.

10 RISK MANAGEMENT

10.1 None directly from this report.

Risk	Mitigation	Opportunities
<i>Financial / VfM</i>	Internal Audit supports the Council to ensure proper financial management through its audit activities and assurance service	None

11 SUPPORTING INFORMATION:

11.1 The Accounts and Audit (England) Regulations 2015 – S5 state:

‘(1) A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

11.2 The Public Sector Internal Audit Standards and the Local Government Application Note together comprise ‘internal auditing standards and guidance’ as referenced in the Regulations.

11.3 PSIAS require the Head of the Southern Internal Audit Partnership to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit service including provision for both internal and external quality assessments.

11.4 An external quality assessment is required to be undertaken every five years by an independent assessment team from outside of the organisation. The last external assessment of SIAP was completed in October 2015 by the Institute of Internal Auditors (IIA).

11.5 The external assessment was completed during 4th – 11th September 2020. The review included a thorough validation of the SIAP’s self-assessment, a significant number of interviews with key stakeholders across our partner and client organisations, SIAP team members, as well as an extensive customer survey.

12 CONCLUSION:

12.1 The external assessment concluded that the Southern Internal Audit Partnership conform to all aspects of the International Professional Performance Framework, Public Sector Internal Audit Standards and Local Government Application Note.

12.2 In assessing the SIAP against the IIA’s Maturity Matrix, the assessors concluded that the SIAP team are:

Excellent in their:

- Reflection of the Standards

- Focus on performance, risk and adding value
- Quality Assurance and Improvement Programme

Good in their:

- Operating with efficiency
- Coordinating and maximising assurance.

12.3 The External Assessors did present a number of improvement opportunities for the partnership. Whilst these are not issues of conformance with the IPPF, PSIAS and LGAN, they do have the potential to further strengthen the impact of the internal audit service. An action plan in response to the opportunities raised has been developed.

12.4 Appendix 1 provides the IIA's SIAP External Quality Assessment – Final Report.

13 OTHER OPTIONS CONSIDERED AND REJECTED

13.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

Appendix 1 – Internal Audit External Quality Assessment 2020