

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Audit Committee
<b>Date:</b>	03 December 2015
<b>Title:</b>	Southern Internal Audit Partnership – External Quality Assessment
<b>Reference:</b>	7094
<b>Report From:</b>	Director of Corporate Resources – Corporate Services

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#### 1. Executive Summary

1.1. The purpose of this paper is to provide the Audit Committee with outcomes from the Southern Internal Audit Partnership's External Quality Assessment.

#### 2. Contextual information

2.1. The Public Sector Internal Audit Standards [1312 External Assessments] requires:

*'External Assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the organisation.'*

2.2. Following a review of potential suppliers it was agreed by the Key Stakeholders Partnership Board that the Institute of Internal Auditors would be selected for the purposes of the external assessment of the Southern Internal Audit Partnership.

2.3. In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

2.4. The assessment was undertaken during September 2015 and included review of a wide range of documentary evidence and interviews with seventeen representative stakeholders (including Chief Executives, Audit

Chair's and S151 Officers) along with members of the Southern Internal Audit Partnership.

2.5. In addition a survey was circulated to all Audit Committee members, Corporate Management Teams (or equivalent) and Southern Internal Audit Partnership (SIAP) staff. Responses were received from 30 members of SIAP, 18 members of the executive management teams and 13 members of Audit Committees.

2.6. In considering all sources of evidence (surveys, interviews and documentary review) the external assessment team concluded:

*'The Institute of Internal Audit's (IIA's) International Professional Practice Framework (IPPF) includes the Definition of Internal Auditing, Code of Ethics and International Standards. Complimentary standards apply for the public sector as well as Local Government. Added together, there are 343 fundamental principles to achieve, and while some overlap, the context and thrust of the differing standards add complexity within Southern Internal Audit Partnership not seen in many organisations.*

*It is our view that the Southern Internal Audit Partnership 'generally conforms' (top grading) to **all** of these principles. This performance is within the top decile of EQA reviews we have performed. This is a notable achievement given the breadth of these Standards and the operational environment faced by the Southern Internal Audit Partnership.*

*There are **no instances** across these standards where we determined a standard below "generally conforms", and 4 instances where the standard is assessed as "not applicable" due to the nature of Southern Internal Audit Partnership's remit.*

*It is therefore appropriate for the Southern Internal Audit Partnership service to say in reports and other literature that it "**conforms to the IIA's professional standards**" and that its work has been performed "**in accordance with the IPPF.**"*

2.7. Additionally the external assessors benchmarked the performance of the Southern Internal Audit Partnership against a maturity model based on a wide range of UK and Irish internal audit functions and assessed the Partnership as '**Excellent**' in its:

- Reflection of the Standards
- Focus on performance , risks and adding value
- Quality Assurance and Improvement Programme.

And as '**Good**' in its:

- Coordinating and maximising assurance
- The efficiency of its operations

Grading range	Excellent	Good	Satisfactory	Needs improvement	Poor
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2.8. The external assessors did identify some recommendations for further development:

- To introduce 1-2-1 private meetings between the Head of Internal Audit and the Chairman of the Audit Committee(s);
- To incorporate within the annual audit plan presented for approval to the Audit Committee(s) a brief (one or two sentence) overview of the scope of individual reviews to assist members in ensuring the risk appetite of the organisation is appropriately reflected;
- To highlight the underlying cause for any delays in audit assignments within the progress report presented quarterly to senior management and the Audit Committee; and
- To provide an overview to partners of best practice identified across the SIAP's wider client base or through liaison with other similar bodies to provide additional added value that partnership working affords.

An action plan has been put in place to address all issues by March 2016.

2.9. Appendix 1 provides a copy of the full External Quality Assessment Report.

### **3. Recommendation**

3.1. That the Audit Committee note the External Quality Assessment of the Southern Internal Audit Partnership as attached.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	no
<b>Maximising well-being:</b>	no
<b>Enhancing our quality of place:</b>	no
<b>OR</b>	
<b>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:</b>	
In accordance with the Accounts and Audit (England) Regulations 2015 and the Public Sector Internal Audit Standards	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> Internal Audit Charter	<u>Reference</u>	<u>Date</u> 25 June 2015
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u> Accounts and Audit (England) Regulations 2015		<u>Date</u>

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

#### **1.2. Equalities Impact Assessment:**

Equality objectives are not considered to be adversely affected by the proposals within this report.

### **2. Impact on Crime and Disorder:**

2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime, however internal audit work is planned to ensure that controls are in place to minimise the risk of fraud and corruption against the County Council.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific changes

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific proposals affecting adaptation to climate change