

AUDIT & GOVERNANCE COMMITTEE
18 January 2023

Internal Audit – Independent External Assessment Report

SUMMARY AND PURPOSE:

The purpose of this report is to present to the Audit and Governance Committee the final report from the Chartered Institute of Internal Auditors (IIA) following its independent external assessment of Orbis Internal Audit (Orbis IA) against Public Sector Internal Audit Standards (PSIAS).

RECOMMENDATIONS:

The Committee is asked to note the findings from the report, including those areas identified where opportunities for further improvement may exist for the future. No specific decisions are required in respect of this report.

BACKGROUND:

1. Earlier this year Resources DLT and the Audit Committee approved the appointment of the IIA to carry out the independent external assessment of Orbis Internal Audit against PSIAS. These Standards require such an assessment to be undertaken at least once every five years, with the scope including assessment of compliance, benchmarking against best practice and assessment of Internal Audit's profile and impact within client organisations.

Supporting Information

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 below.

Conclusion and Recommendations

3. It is pleasing to report that Orbis IA have 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
4. 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. 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'.*
5. 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 overwhelmingly 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.
6. 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.

IMPLICATIONS:

7. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report.

WHAT HAPPENS NEXT:

8. See Recommendations above.

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Sources/background papers: Chartered Institute of Internal Auditors External Quality Assessment Report (Appendix A).