

# Brighton & Hove City Council

## Audit & Standards Committee

## Agenda Item 10

**Subject:** Independent External Assessment of Orbis Internal Audit

**Date of meeting:** 28 June 2022

**Report of:** Executive Director, Governance, People and Resources

**Contact Officer:** Russell Banks  
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**Ward(s) affected:** All

**For general release**

### **1. Purpose of the report and policy context**

- 1.1 To obtain approval from the Audit & Standards Committee to commission the Chartered Institute of Internal Auditors to undertake the independent external assessment of Orbis Internal Audit in accordance with Public Sector Internal Audit Standards (PSIAS).

### **2. Recommendations**

- 2.1 That Committee approve the appointment of the Chartered Institute of Internal Auditors to carry out the independent external assessment of Orbis Internal Audit in accordance with Public Sector Internal Audit Standards (PSIAS).

### **3. Context and background information**

- 3.1 The PSIAS are the standards that govern the delivery of Internal Audit in local government, which recommend that internal audit teams commission an external examination of their internal self-assessment process by a qualified, independent assessor or assessment team at least once every five years.
- 3.2 The last such review of Orbis Internal Audit was completed in 2018, the first year of the partnership's formation, by the South West Audit Partnership. The review team at the time concluded that Orbis Internal Audit 'generally conforms with the Standards and the Code of Ethics', representing the highest level of conformance available.
- 3.3 The next review is therefore due before the end of March 2023 and it is now proposed to commission the Chartered Institute of Internal Auditors (IIA) to carry out this work. The IIA is the only professional membership body exclusively for internal auditors in the UK and Ireland, and is responsible for producing the overall professional standards upon which the PSIAS are based.

- 3.4 A formal proposal setting out the scope and methodology for the review is attached as Appendix 1 and, should this be agreed, the assessment is likely to take place towards the end of the calendar year. As explained within the document, the review will involve a detailed assessment of Orbis Internal Audit practices as well as a range of interviews with key stakeholders from across the partner organisations, including senior officers and members of audit committees.
- 3.5 Upon completion, the assessment team will provide a detailed report concluding on the service's conformance with the professional standards and any recommendations for improvement. This document will of course be reported back to each organisation's senior management team and audit committee upon finalisation, along with details of any planned actions in response to any recommendations arising. This is a review of the Orbis Internal Audit Partnership and the services it provides to each of the partner councils. As such, the review is funded from within the service budget and each partner audit committee is being asked to approve the approach.

#### **4. Analysis and consideration of alternative options**

- 4.1 The requirement for an independent external assessment is mandatory under PSIAS and this review is now due before the end of March 2023. The cost of the assessment is covered within the existing Orbis Internal Audit budget for 2022/2023.

#### **5. Community engagement and consultation**

- 5.1 Not applicable.

#### **6. Conclusion**

- 6.1 The independent external assessment of internal audit at least once every five years is a mandatory requirement under professional standards and this review of Orbis Internal Audit is now due before the end of March 2023. Approval is being sought to commission the IIA to carry out this review as the only professional membership body exclusively for internal auditors in the UK and Ireland. The IIA are also responsible for producing the overall professional standards upon which the PSIAS are based so are ideally placed to undertake this work.

#### **7. Financial implications**

- 7.1 The cost of the external assessment is contained within the existing Orbis Internal Audit budget and is therefore funded by all the Orbis partner authorities based on existing financial contributions. Whilst the charge for the review is commercially sensitive, the value is within the financial thresholds of Procurement Standing Orders to enable the work to be commissioned based on a single quotation.

Finance officer consulted: James Hengeveld      Date consulted (06/06/22):

## **8. Legal implications**

- 8.1 No legal implications other than those highlighted in the Report have been identified. This Committee is the appropriate body for considering this report given its delegated responsibilities in relation to the Council's internal audit functions

Name of lawyer consulted: Victoria Simpson    Date consulted 10.6.22

## **9. Equalities implications**

- 9.1 None.

## **10. Sustainability implications**

- 10.1 None.

## **Supporting Documentation**

### **1. Appendices**

1. Annex A - IIA – External Assessment of Orbis IA

