

## Appendix 2

### **Public Sector Internal Audit Standards (PSIAS) – External Quality Assessment**

PSIAS represent the professional framework within which internal audit services in local government are delivered and compliance with these standards helps to provide audit committees and management with the necessary assurance over the quality of audit services they receive. Specifically, the objectives of the PSIAS are to:

- define the nature of internal auditing within the UK public sector;
- set basic principles for carrying out internal audit;
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and;
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

There are two main requirements for assessing compliance with the PSIAS; an annual self-assessment and also a five-yearly external assessment to be conducted by a qualified, independent assessor or assessment team, from outside the organisation. To date, each of the internal audit teams within the three authorities that make up Orbis Internal Audit (East Sussex County Council, Brighton and Hove City Council and Surrey County Council) have completed annual self-assessments in accordance with the requirements, but currently only Surrey have commissioned an external assessment in recent years.

Given the relatively early stage of the formation of Orbis Internal Audit, we are keen to commission an external assessment that recognises and appreciates this and one that will add value to the ongoing journey of integration. Under PSIAS, there are two options for carrying out the review; an external quality assessment or a self-assessment with independent validation. Our preference is for the latter as this will provide a further opportunity to ensure consistency across the partnership and less engagement time will be required (it should be noted that neither approach is any more valuable than the other and the outcome will be the same, whichever approach is adopted).

Having approached three separate organisations, we have identified the South West Audit Partnership (SWAP) as our preferred external assessor. As an example of a developed shared partnership, SWAP is a publicly owned, not-for-profit company that provide internal audit services to over twenty public sector partners, with experience of completing PSIAS external assessments. In addition to the independent validation that they can provide, we believe that SWAP will add significant value to our continuing integration. They also offer the best value for money when compared with the other providers.

As part of the assessment process, SWAP representatives will request to meet with each of the Audit Committee Chairs across the three authorities and, in accordance with the standards, the results of the assessment will be reported to each of the Audit Committees upon completion.