

# Orbis Internal Audit Review

## Background

Internal Audit has been part of Orbis since the beginning and has been a success in a shared service model, with the delivery of an efficient and effective service that is highly regarded by key stakeholders and industry peers including validation via an independent and objective external quality assessment undertaken by the Chartered Institute of Internal Auditors in 2022.

Despite the success of the service in its current configuration, Local Government Reorganisation (LGR) has presented certain challenges to Internal Audit, particularly the necessary splitting of Surrey into two unitary authorities and the consequential changes for Surrey County Council (SCC) services. As such, SCC have indicated that they do not want to continue with the current configuration for Internal Audit.

## Executive Summary

An independent review has been conducted, and it identified some risks and issues associated with the current operating arrangements in the context set out above. It concluded that maintaining the status quo would likely see a reduction in service resilience given the national challenges associated with retaining and engaging high-quality internal auditors in an increasingly competitive employment market and consequently recommended a SCC hosted model.

This review was complemented by further analysis over the future service quality and cost-effectiveness associated with a SCC-hosted model, as well as consideration of other models given that SCC have indicated that they do not want to continue with the current configuration for Internal Audit.

The following main options have therefore been assessed and costed for East Sussex County Council (ESCC):

- Move onto a sovereign ESCC service
- Move onto a shared service with just Brighton & Hove City Council (BHCC) (there is appetite in BHCC for this option)
- Purchase internal audit services from a SCC hosted model (whilst there is also the option of procuring the service from a third party, this is likely to have similar considerations as for the SCC hosted model)

In light of this, the preferred option, supported by the further analysis and options appraisal, is for an ESCC/BHCC shared service model to be implemented, for the following reasons:

- The level of resilience it provides compared to a sovereign model.
- The level of control it provides to ESCC (and BHCC) compared to a hosted model and therefore the greater ability to work with the East Sussex district and borough councils to develop an extended service depending on the outcome of LGR.
- Consideration of the potential for increased costs in an SCC hosted model
- Internal Audit has proved itself to be well suited to a shared service model due in part to its prescriptive nature.