



**External Quality Assessment of Conformance with the Public  
Sector Internal Audit Standards**

**Broxbourne, Harlow and Epping Forest  
Shared Internal Audit Service**

**Final Report - 22<sup>nd</sup> September 2021**

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## **1. Introduction**

- 1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1<sup>st</sup> April 2013 (revised 2016 and 2017). In local government, the way internal audit services operate is more flexible than in other parts of the public sector where there is a large degree of central control. To ensure local authority internal audit services apply the PSIAS in a uniform way, CIPFA has produced the local government application note (LGAN) which provides additional detail for each of the individual standards. The LGAN is mandatory for local authorities.

All public sector internal audit services are required to assess their performance on conforming to the standards and this can be achieved by undertaking periodic self-assessments, or external quality assessments, or a combination of both methods. However, the PSIAS stipulates that an external quality assessment (EQA) by an external reviewer must be undertaken at least once in a five-year period. This can be in the form of a full assessment or the validation of the internal audit service's own self-assessment.

## **2. Background**

- 2.1 The Broxbourne, Harlow and Epping Forest Shared Internal Audit Service is hosted by the Borough of Broxbourne and provides internal audit services to the three local authorities. The Shared Service is managed by the Head of Internal Audit and is made up of three Senior Auditors, one Auditor and two Audit Assistants in addition to the Head of Internal Audit, and they have a contract in place with a third party provider to provide them with specialist IT audit and additional resources as and when required. The Head of Internal Audit is a Chartered Member of the institute of Internal Auditors (IIA)
- 2.2 Managerially, the Shared Service reports to a Management Board made up of the three Section 151 Officers<sup>1</sup> from each of the authorities in the shared arrangement. From an operational perspective, the Shared Service reports directly to the executive teams and the Audit Committees<sup>2</sup> at their respective authorities. These two bodies at each authority fulfil the roles of 'senior management' and 'the board', as defined by the Public Sector Internal Audit Standards. Operationally, the Head of Internal Audit reports directly to the Section 151 Officer at each Authority and has direct access to each authority's Chief Executive Officer, the Chair and full membership of the Audit Committees. Regular reports on the audit plan, progress on delivering the plan and

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<sup>1</sup> The Section 151 Officers are the Director of Finance for the Borough of Broxbourne; the Head of Finance for Harlow Council; and the Strategic Director at Epping Forest District Council.

<sup>2</sup> Audit Committee is a generic term used in the PSIAS and in this report means the Audit and Standards Committees for the Borough of Broxbourne and Harlow Council, and the Audit and Governance Committee for Epping Forest District Council.

the annual opinion and outturn are made to the Audit Committee at the respective authorities.

- 2.3 The Shared Service has been operating under PSIAS since its launch in 2013, and this is the second external quality assessment that they have commissioned. The previous external quality assessment confirmed that the Shared Internal Audit Service conformed to the PSIAS.
- 2.4 The Shared Service has a range of guidance notes for the team to use and utilises standard templates for the engagement working papers and testing schedules, engagement terms of references, action plans and audit reports. Supervision of the audit engagements takes place at every stage of the process and is recorded on a check list that accompanies each audit and held on the audit working papers file.

### **3. Validation Process**

- 3.1 The self-assessment validation comprises a combination of a review of the evidence provided by Shared Service; a review of a sample of completed internal audit engagements, chosen by the assessor and covering all three authorities; questionnaires that were sent to and completed by a range of stakeholders from each authority; and virtual interviews using MS Teams with the three Section 151 Officers and Chairmen of the Audit Committees. The questionnaire and interviews focussed on determining the strengths and weaknesses of the Shared Service and assessed the Service against the four broad themes of purpose and positioning within the organisation(s); their structure and resources; audit execution; and impact on the respective organisations.
- 3.2 The Shared Service provided a comprehensive range of documents that they used as evidence to support their self-assessment and these were available for examination prior to and during this validation review. These documents included the:
  - self-assessment against the standards and the CIPFA Local Government Application Note;
  - documentary evidence used to support the self-assessment;
  - the audit charters for each authority;
  - the annual reports and opinions for each authority;
  - the audit plans and strategies for each authority;
  - a range of documents and records relating to the Shared Service's employees;
  - progress and other reports to the respective Audit Committees.

All of the above documents were examined during this EQA.

- 3.3 The validation process was carried out from the 5<sup>th</sup> to the 16<sup>th</sup> July 2021, and involved interviews with the Head of Internal Audit, the three Section 151 Officers, and the three Chairs of the Audit Committees. Overall, the feedback from the interviewees was positive with clients valuing the professional and objective way the Shared Internal Audit Service fulfilled their role.

- 3.4 A questionnaire was sent to a range of other key stakeholders in advance of the assessment commencing and the results analysed during the review. A summary of the survey results is shown at appendix A of the report.
- 3.5 The assessor also carried out an end-to-end review of a sample of six completed audits, covering all three authorities, to confirm his understanding of the audit process used by the Shared Service.

#### 4. **Opinion**

**It is our opinion that Shared Internal Audit Service’s self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.**

The table below shows the Shared Internal Audit Service’s level of conformance to the individual standards assessed during this external quality assessment:

<b>Standard / Area Assessed</b>	<b>Level of Conformance</b>
Mission Statement	<b>Fully Conforms</b>
Core principles	<b>Fully Conforms</b>
Code of ethics	<b>Fully Conforms</b>
Attribute standard 1000	<b>Fully Conforms</b>
Attribute standard 1100	<b>Fully Conforms</b>
Attribute standard 1200	<b>Fully Conforms</b>
Attribute standard 1300	<b>Fully Conforms</b>
Performance standard 2000	<b>Fully Conforms</b>
Performance standard 2100	<b>Fully Conforms</b>
Performance standard 2200	<b>Fully Conforms</b>
Performance standard 2300	<b>Fully Conforms</b>
Performance standard 2400	<b>Fully Conforms</b>
Performance standard 2500	<b>Fully Conforms</b>
Performance standard 2600	<b>Fully Conforms</b>

## **5. Areas of full conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note**

### **5.1 Mission Statement and Definition of Internal Audit**

The mission statement and definition of internal audit from the PSIAS are included in the audit charters.

### **5.2 Core Principles for the Professional Practice of Internal Auditing**

*The Core Principles, taken as a whole, articulate an internal audit function's effectiveness, and provide a basis for considering the organisation's level of conformance with the Attribute and Performance standards of the PSIAS.*

The clear indication from this EQA is that the Core Principles are embedded in the audit methodologies used by the Shared Service and they are a competent and professional internal audit service that conforms to all ten elements of the Core Principles. Many internal audit services are now requiring their employees to confirm on an annual basis that they have read and understood the Core Principles, along with the Code of Ethics and the Seven Principles of Public Life. Such a confirmation statement is now becoming best practice in the public sector and as such we suggest that the Head of Internal Audit considers introducing one for the Shared Service. We have included such a suggestion in the action plan.

### **5.3 Code of Ethics**

*The purpose of the Institute of Internal Auditors' Code of Ethics is to promote an ethical culture in the profession of internal auditing, and is necessary and appropriate for the profession, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Code of Ethics provides guidance to internal auditors and in essence, it sets out the rules of conduct that describe behavioural norms expected of internal auditors and are intended to guide their ethical conduct. The Code of Ethics applies to both individuals and the entities that provide internal auditing services.*

The clear indication from this EQA is that the Shared Service conforms to the Code of Ethics and this is part of their overarching culture and underpins the way the Shared Service operates. We have made one suggestion relating to the Code of Ethics which is referred to above under the Core Principles.

### **5.4 Attribute Standard 1000 – Purpose, Authority and Responsibility**

*The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing). The internal audit charter must be reviewed regularly and presented to senior management and the audit panel for approval.*

The Shared Internal Audit Service produces a separate audit charter for each authority. We reviewed these documents and the processes used to present them to

the various Audit Committees for approval. We found the audit charters covered the main elements of attribute standard 1000 and the LGAN and as such are fit for purpose. There is one minor issue that the Head of Internal Audit should consider addressing in the next review of the audit charters and this is set out in the action plan.

#### 5.5 **Attribute Standard 1100 – Independence and Objectivity**

*Standard 1100 states that the internal audit activity must be independent, and internal auditors must be objective in performing their work.*

The need for independence and objectivity is understood by the Head of Internal Audit and forms an integral part of the Shared Service's culture and working practices. The Head of Internal Audit reports in her own name and directly to senior management and the Audit Committees at the respective authorities. All employees sign a declaration of interest each year and declare any potential impairment to independence or objectivity. The Head of Internal Audit does not have direct responsibility for any other operational services at any of the local authorities served by the Shared Service. The independence of the Head of Internal Audit and the Shared Internal Audit Service as a whole is set out in the audit charters.

We have reviewed the current audit charters, the Shared Service's methodologies and standard documentation, a sample of completed audit files, and have examined the Service's reporting lines and positioning within the three authorities they serve. We are satisfied that the Shared Internal Audit Service conforms with attribute standard 1100 and the LGAN. We have identified one minor issue of good practice for the Head of Internal Audit to consider regarding strengthening the transparency of the Shared Service's independence and objectivity and we have set this out in the action plan.

#### 5.6 **Attribute Standard 1200 – Proficiency and Due Professional Care**

*Attribute standard 1200 requires the Internal Audit Service's engagements are performed with proficiency and due professional care, having regard to the skills and qualifications of the staff, and how they apply their knowledge in practice.*

It is evident from this EQA that the Shared Internal Audit Service has a professional and competent workforce, with the Head of Internal Audit holding the full chartered IIA qualification.

There is one member of the Shared Service's team who is familiar with using specialist data analytics software (the IDEA application) while the remainder of the team tend to analyse data by using the functionality available in generic products such as MS Excel. The service currently holds one licence for IDEA and are considering making greater use of this tool during their audits.

The Service does not have any qualified specialist IT auditors as part of its establishment but instead has a contract in place with a third-party supplier to provide these resources as and when required.

It is evident from this review that the Shared Service's employees perform their duties with due professional care. We are satisfied that the Shared Internal Audit Service complies with attribute standard 1200 and the LGAN. We have made one advisory

suggestion in the action plan for the Head of Internal Audit to consider regarding the potential expansion in the use of the specialist data analytics software application.

#### 5.7 **Attribute Standard 1300 – Quality Assurance and Improvement Programmes**

*This standard requires the Head of Internal Audit to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.*

The Shared Internal Audit Service has an effective quality assurance process in place that ensures engagements are performed to a high standard within the available resources. This is supported by assessments of the Shared Service's compliance with the standards through periodic self-assessment and the quinquennial external quality assessment. We have examined these processes during the EQA and are satisfied that the Shared Internal Audit Service conforms to attribute standard 1300 and the LGAN.

#### 5.8 **Performance Standard 2000 – Managing the Internal Audit Activity**

*The remit of this standard is wide and requires the Head of Internal Audit to manage the internal audit activity effectively to ensure it adds value to its clients. Value is added to a client and its stakeholders when internal audit considers their strategies, objectives, and risks; strives to offer ways to enhance their governance, risk management, and control processes; and objectively provides relevant assurance to them. To achieve this, the Head of Audit must produce an audit plan for each client, and communicate this and the Service's resource requirements, including the impact of resource limitations, to senior management and the Audit Committees at each client for their review and approval. The Head of Internal Audit must ensure that Shared Internal Audit Services' resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.*

*The standard also requires the Head of Internal Audit to establish policies and procedures to guide the internal audit activity, and to share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.*

*Last, but by no means least, the standard requires the Head of Internal Audit to report periodically to senior management and the Audit Committees on internal audits activities, purpose, authority, responsibility and performance relative to its plan, and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues and other matters that require the attention of senior management and/or the audit committees.*

The Shared Internal Audit Service has methodologies in place that meet the requirements of the PSIAS. They have developed comprehensive planning processes that follow best practice by taking into consideration their client's risks, objectives, and risk management and governance frameworks; other relevant and reliable sources of assurance; any key issues identified by service managers; their own risk and audit needs assessments; and the resources that are available to undertake the audits. From this information, they produce risk-based audit plans that are designed to enhance the authorities' risk management and governance frameworks and control

processes; and provide them with objective and relevant assurance. These audit plans are reviewed and approved by senior management and the Audit Committees at each authority.

Details of the completed audits and the risk and control issues found, together with the progress being made on delivering the audit plans and the performance of the Shared Service, is regularly reported to the Audit Committees of the respective authorities, with an annual report opinion for each client being issued at the end of the year.

The clear indication from this EQA is the Shared Internal Audit Service is managed effectively and conforms to standard 2000 and the LGAN.

#### **5.9 Performance Standard 2100 – Nature of Work**

*Standard 2100 covers the way the internal audit activity evaluates and contributes to the improvement of the organisation’s risk management and governance framework and internal control processes, using a systematic, disciplined and risk-based approach.*

This is the approach adopted by the Shared Internal Audit Service and is set out in their working methodologies. During this EQA, we selected a sample of completed audit engagements for each authority and examined them to see if they conformed to standard 2100 and the Shared Service’s own methodologies. We found that the sample audits complied with both.

Internal audit’s credibility and value is enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact on the organisation. On the whole, the Shared Service’s clients value the work they do in this area and often turn to them for advice and guidance when faced with emerging risks or are developing or changing systems. The survey results have indicated that managers would like to see more of this aspect of the service and as such the quinquennial may wish to consider how best to achieve this with the resources available whilst still delivering an effective programme of assurance audits.

The clear indication from this EQA is that the Shared Internal Audit Service conforms to performance standard 2100 and the LGAN.

#### **5.10 Performance Standard 2200 – Engagement Planning**

*Performance standard 2200 requires internal auditors to develop and document a plan for each engagement, including the engagement’s objectives, scope, timing and resource allocations. The plan must consider the organisation’s strategies, objectives, and risks relevant to the engagement.*

The Shared Service has a comprehensive set of standard documents in place that are underpinned by sound audit methodologies that ensure that audit engagements are planned effectively. During this EQA, we selected a sample of completed audit engagements, and examined them to see if they conformed to standard 2200. We found that they all conformed to the standards and the Service’s own audit practices, and therefore we conclude that the Shared Internal Audit Service conforms to performance standard 2200 and the LGAN.

### 5.11 Performance Standard 2300 – Performing the Engagement

*Performance standard 2300 seeks to confirm that internal auditors analyse, evaluate and document sufficient, reliable, relevant and useful information to support the engagement results and conclusions, and that all engagements are properly supervised.*

During this EQA, we selected a sample of completed audit engagements from each authority and examined them to see if they conformed to the standards. We found that they all conformed to the standards and therefore we conclude that the Shared Internal Audit Service conforms to performance standard 2300 and the LGAN.

### 5.12 Performance Standard 2400 – Communicating Results

*This standard requires internal auditors to communicate the results of engagements to clients and sets out what should be included in each audit report, as well as the annual report and opinion. When an overall opinion is issued, it must take into account the strategies, objectives and risks of the clients and the expectations of their senior management, the audit committees and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information. Where an internal audit function is deemed to conform to the PSIAS, reports should indicate this by including the phrase “conducted in conformance with the International Standards for the Professional Practice of Internal Auditing”.*

The audit procedures and methodologies in place within the Shared Service cover the communication of results and meet the requirements of the PSIAS. We selected a sample of completed audit engagements from each authority and examined them to see if they conformed to the standards. We found that they all conformed to the standards although we have included two minor enhancements to the audit reports in the action plan. The first relates to the use of the statement ‘conforms to the public sector internal audit standards’. As the work of the Shared Service conforms to the standards this statement can be added to the audit reports.

The second issue relates to the inclusion of a disclaimer and limitations of use paragraph in each audit report. Whilst the inclusion of such a statement cannot prevent internal audit reports being forwarded to people that management had not approved, or extracts from the report being taken out of context and used by people with an ulterior agenda, they act as a warning and can help facilitate subsequent disciplinary action

We therefore conclude that the Shared Internal Audit Service conforms to performance standard 2400 and the LGAN.

### 5.13 Performance Standard 2500 – Monitoring Progress

There is a comprehensive follow-up process in place at all of the authorities served by the Shared Service, the objective of which is to monitor management’s progress towards the implementation of agreed actions. The results of the follow-up reviews are reported to the relevant Audit Committees. From this EQA, it is evident that the Shared Internal Audit Service conforms to performance standard 2500 and the LGAN.

#### 5.14 **Performance Standard 2600 – Communicating the Acceptance of Risk**

Standard 2600 considers the arrangements which should apply if the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the respective authority. If such a scenario was to arise, the Head of Internal Audit would raise the matter with the relevant Section 151 Officer and if necessary, through to the Chief Executive and the Audit Committee. Situations of this kind are expected to be rare, consequently, we did not see any evidence of these during this EQA. From this external quality assessment, it is evident that the Shared Service conforms to performance standard 2600 and the LGAN.

### **6. Areas of partial conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note**

6.1 There are no areas of partial conformance with the Public Sector Internal Audit Standards.

### **7. Areas of non-conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note**

7.1 There are no areas of non-conformance with the Public Sector Internal Audit Standards.

## 8. Action Plan

<b>1. Cross reference the definitions for senior management and the audit committees in the audit charters to the PSIAS definitions (Low priority)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
Section 8 of the audit charters refer to the respective authorities' corporate management teams and their audit committees. Whilst it is fairly clear that these two bodies fulfil the roles of 'senior management' and the 'board', as required by the standards, it is good practice to specifically state this in the audit charter as it remove any element of doubt for the reader. This could be achieved by expanding the wording used in section 8 of the charters, or by the addition of foot notes for section 8.	Agreed and will be implemented in this year's (2021/22) annual review of the Charter, which will go to the November audit committee for Broxbourne and Harlow, and the January meeting for Epping Forest
<b>Action Responsibility</b>	<b>Head of Internal Audit</b>
<b>Deadline</b>	<b>31/01/2022</b>

<b>2. Included a statement of impairments to independence in the annual report (Low priority)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
The audit charters underpin the work of internal audit and section 6 in the audit charters correctly sets out the independence and objectivity of the Shared Internal Audit Service. Generally, audit charters are forward looking, whereas the Head of Audit's annual report and opinion looks back at the work of internal audit in the year just finished. It is therefore good practice to include a statement in the annual report to confirm that there have not been any impairments to the independence and objectivity of the Service, or if there have, to set these out and the action taken. At present a statement is not included where there have not been any impairments. We suggest that consideration is given to including such a statement in the annual report.	The potential issue of impairment is included in the report where the Charter is presented to audit committee for approval. However, going forward it will also be included in the annual report when it goes to the June/July 2022 audit committees.
<b>Action Responsibility</b>	<b>Head of Internal Audit</b>
<b>Deadline</b>	<b>31/07/2022</b>

<b>3. Add 'conforms to the public sector internal audit standards' to audit reports (Low priority)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
As the work of the Shared Internal Audit Service conforms to the standards, the use of the statement 'conforms to the public sector internal audit standards' can be added to the individual audit reports.	This would not add value to individual audit reports. Instead, the conformance statement will continue to be included in the annual Internal Audit strategy and annual report
<b>Action Responsibility</b>	n/a
<b>Deadline</b>	n/a

<b>4. Use of conformation statements (Advisory)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
Many internal audit services operating in the public sector have introduced confirmation statements for their staff to sign on an annual basis to confirm that they have read and understood the Core Principles for the Professional Practices of Internal Auditing, the Code of Ethics for Internal Auditors, and the Seven Principles of Public Life. These confirmation statements are starting to be regarded as best practice and as such the Head of Internal Audit may wish to consider introducing one or adding a statement to the existing annual declaration of interest returns completed by the team members.	<p>The merits of this will be considered in conjunction with the Internal Audit team and the Shared Internal Audit Service Board being quite bureaucratic especially as the Core Principles and Code of Ethics are long documents to digest.</p> <p>Completed – The Board agreed at their 9/9/21 meeting to disregard this advisory note.</p>
<b>Action Responsibility</b>	<b>Head of Internal Audit</b>
<b>Deadline</b>	<b>31/08/2021</b>

<b>5. Expand the use of data analytics (Advisory)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
The Shared Internal Audit Service occasionally uses computer assisted audit techniques when carrying out internal audits and users the IDEA application for this purpose. The Head of Internal Audit has indicated that the Service is considering expanding the use of IDEA as an effective and efficient way of auditing systems with large volumes of data. We welcome this approach and suggest that to enhance the capabilities of IDEA, consideration is given to obtaining an additional product called SmartAnalyser; an 'add-on tool' for IDEA that contains a set of pre-written test scripts for the majority of the core financial and HR process found in any organisation.	I am in agreement that the Service could make better use of data analytics. However, as there will be a resource implication a data analytics strategy and cost/benefit analysis will be presented to the Shared Internal Audit Service Board for their approval.
<b>Action Responsibility</b>	<b>Head of Internal Audit</b>
<b>Deadline</b>	<b>31/1/2022</b>

<b>6. Add a disclaimer and limitations of use statement to audit reports (Advisory)</b>	
<b>Rationale</b>	<b>Agreed Action</b>
This issue relates to the inclusion of a disclaimer and limitations of use paragraph in each audit report. Whilst the inclusion of such a statement cannot prevent internal audit reports being forwarded to people that management had not approved, or extracts from the report being taken out of context and used by people with an ulterior agenda, they act as a warning and can help facilitate subsequent disciplinary action should the need arise.	Agreed and will be added to all final reports issued after 31 August 2021.
<b>Action Responsibility</b>	<b>Head of Internal Audit</b>
<b>Deadline</b>	<b>31/08/2021</b>

## 9. Definitions

<b>Fully Conforms</b>	The internal audit service complies with the standards with only minor deviations. The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, comply with the requirements of the standards in all material respects with only minimal departures and minor issues to resolve.
<b>Partially Conforms</b>	The internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit and conformance to the standards.
<b>Does Not Conform</b>	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many of the elements of the standards. These deficiencies will usually have a significant adverse impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the board.

Action Priorities	Criteria
<b>High priority</b>	The internal audit service needs to rectify a significant issue of non-conformance with the standards. Remedial action to resolve the issue should be taken urgently.
<b>Medium priority</b>	The internal audit service needs to rectify a moderate issue of conformance with the standards. Remedial action to resolve the issue should be taken, ideally within six months.
<b>Low priority</b>	The internal audit service should consider rectifying a minor issue of conformance with the standards. Remedial action to resolve the issue should be considered but the issue is not urgent.
<b>Advisory</b>	These are issues identified during the course of the EQA that do not adversely impact on the internal audit service's conformance with the standards. Typically, they include areas of enhancement to existing operations and the adoption of best practice.

The co-operation of the Head of Internal Audit, the Audit Assistant, and members of the Shared Internal Audit Service in providing the information requested for this EQA, is greatly appreciated. Our thanks also go to the Chairs of Audit Committees and the Section 151 Officers at the three authorities that made themselves available for interview during the EQA process and also to the officers that completed questionnaires.

Ray Gard, CPFA, FCCA, FCIIA, DMS

22<sup>nd</sup> September 2021

This report has been prepared by Gard Consultancy Services Ltd at the request of the Broxbourne, Harlow and Epping Forest Shared Internal Audit Service's Head of Internal Audit, the terms for the preparation and scope of the report have been agreed with her. The matters raised are only those that came to our attention during our work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, we have only been able to base findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the issues that exist with their conformance to the Public Sector Internal Audit Standards, or all the improvements that may be required.

The report was prepared solely for the use and benefit of the Broxbourne, Harlow and Epping Forest Shared Internal Audit Service, its management board, the local authorities that are part of the Shared Internal Audit Service, and to the fullest extent permitted by law, Gard Consultancy Services Ltd accepts no responsibility and disclaims all liability to any other third party who purports to use or rely, for any reason whatsoever on the report, its contents, conclusions, any extract, and/or reinterpretation of its contents. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

### Summary of Survey Results

As part of the EQA process, we used a questionnaire to obtain the views of the key stakeholders from the three authorities. A total of twenty-four questionnaires were returned (six from Broxbourne; eight from Harlow; and ten from Epping Forest). The results of these questionnaires are summarised in the table below

No.	Question	Percentage (%)			
		Agree	Partially Agree	Not Agree	N/A
1	The internal audit service is seen as a key strategic partner throughout the organisation.	71	17	4	8
2	Senior managers understand and fully support the work of internal audit.	67	25	4	4
3	Internal audit is valued throughout the organisation.	46	42	4	8
4	The internal audit service is delivered with professionalism at all times.	96	0	0	4
5	The internal audit service responds quickly to changes within the organisation.	54	38	4	4
6	The internal audit service has the necessary resources and access to information to enable it to fulfil its mandate.	50	21	0	29
7	The internal audit service is adept at communicating the results of its findings, building support and securing agreed outcomes	75	25	0	0
8	The internal audit service's recommendations consider the wider impact on the organisation	71	21	4	4
9	The internal audit service ensures that recommendations made are proportionate, commercial and practicable in relation to the risks identified.	71	21	4	4
10	There have not been any significant control breakdowns or surprises in areas that have been positively assured by the internal audit	88	8	0	4

No.	Question	Percentage (%)			
		Agree	Partially Agree	Not Agree	N/A
	service				
11	The internal audit service includes consideration of all risk areas in its work programme.	84	8	8	0
12	Internal audit advice has a positive impact on the governance, risk management, and the system of control of the organisation.	88	12	0	0
13	Internal audit activity has enhanced organisation-wide understanding of governance, risk management, and internal control.	63	29	4	4
14	The internal audit service asks challenging and incisive questions that stimulate debate and improvements in key risk areas.	75	21	4	0
15	The internal audit service raises significant control issues at an appropriate level and time in the organisation.	71	17	12	0
16	The organisation accepts and uses the business knowledge of internal auditors to help improve business processes and meet strategic objectives.	77	25	0	8
17	Internal audit activity influences positive change and continuous improvement to business processes, bottom line results and accountability within the organisation	67	33	0	0
18	Internal audit activity promotes appropriate ethics and values within the organisation	79	13	0	8

\* this refers to the questions where the respondent either felt the question did not apply to them, or they did not have sufficient knowledge to answer the question, or they merely left the question blank

Below are some comments extracted from completed surveys that management may wish to consider:

- The work of Internal Audit at Epping Forest is greatly valued. I have been impressed by the pragmatism and support shown during the pandemic. I view the service as a critical friend and an important source of challenge as I develop the Council's financial systems over the medium-term.
- I believe the internal audit team do a very good job. Some of my Partially agrees are due to the fact I've not seen these things demonstrated in my area, although I believe they are happening in other areas.
- As a new member of third tier with a wide remit I would like to take this opportunity to thank colleagues in internal audit for supporting me in matters. I have found the reports that I have been involved in to be fair and business like, and realistic in requirements helping me to shape service delivery.
- Internal audit work closely with line managers to review operations and then report their findings. Internal Audit is a key function for the Authority and works hard at trying to support change in the Authority for the better and improve the work/processes procedures that are being undertaken.

Internal Audit are a key service as they hold the organisation to account, more detail on audits that occur across the organisation should be reported more widely to the third tier as this can be limited in some respects. This is good and necessary especially when there is resistance to embrace with/move with the times in some areas.

- Sarah and her team have been particularly helpful to me in my role of Monitoring Officer. Their assistance to shape their programme around services and processes to aid governance has been very much welcomed. They have additionally been instrumental in supporting the DPO and MO in data protection and assurance matters through their support for the Information Governance Group. This year they have also assisted with audits related to our equalities duties which Harlow have struggled to implement effective processes for.
- I welcome the support and work of Internal Audit as they have enabled change in the culture and behaviour of the Council. Without these audits many of the Council's systems, processes and procedures would still be in the dark ages and silos. The Council has also benefitted from the shared service arrangement through the sharing of good and poor practices; and the lessons learnt. Keep up the great work.