

Southern Internal Audit Partnership

Assurance through excellence
and innovation

An overview of the Southern Internal Audit Partnership

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1. The Southern Internal Audit Partnership

The Southern Internal Audit Partnership (SIAP) was established in 2012. The Partnership is hosted by Hampshire County Council and is one of the largest providers of public sector internal audit in the region.

Operating from our headquarters in Winchester (with a number of sub-offices across Hampshire and West Sussex), the SIAP currently employ 44 fte staff (Appendix 1) delivering approximately 7,500 audit days across a diverse portfolio of 25 public sector / third sector organisations (Appendix 2).

The SIAP brings together the professional discipline of internal audit, pooling expertise and enabling a flexible, responsive and resilient service to our partner and client portfolio.

To provide optimum benefits to our partners and clients, we work with management to improve their control environment, assisting in the achievement of their objectives. This is reflected through our '*Vision*' of:

'A collaborative Partnership delivering an innovative, customer focused service aligned to business needs and improved outcomes'

Our core values underpin the way we deliver our vision



Customer focus – to remain aware of the needs and requirements of all of our stakeholders in providing the optimum customer experience.

Working together – to build trust, develop common understanding and take collective action to improve our service.

Improvement & innovation – to be a modern and motivated organisation providing an efficient, cost effective and value adding service.

Value all – to treat all colleagues and customers with respect and understanding, valuing equality and diversity in all of our pursuits.

Quality – at the heart of everything we do. Our measure of quality is customer satisfaction and our goal is to provide a service that meets or exceeds those expectations.

2. Benefits of joining the SIAP

At the Southern Internal Audit Partnership we recognise that the ability for organisations in the public sector to sustain a resilient, flexible, independent and effective in-house internal audit function is becoming an increasing challenge.

We strongly believe that the pooling of audit professionals into one cohesive entity overcomes such challenges, whilst providing greater opportunities and career development for audit professionals.

As a public sector provider our drivers are not focused on profit. Our objectives remain aligned to ensuring a quality, professional and value adding internal audit service; sharing best practice across the sector and maximising efficiencies and knowledge / understanding.

Some of the key benefits our existing partners enjoy being part of the SIAP include:



Resilience - The relative size of the SIAP provides resilience in both strength and depth to that otherwise experienced by smaller, stand-alone internal audit teams.

Flexibility - The SIAP operate with a multi-disciplinary pooling of staff capable of forming into teams to provide a seamless and responsive service in meeting our client's needs.

Qualified Staff - The SIAP prides itself on maintaining a pool of high calibre, personable professionals dedicated to providing a quality, modern, value adding service. Staff at all levels are appropriately qualified with extensive knowledge of auditing in a public sector environment.

Audit Specialisms - The SIAP benefit from the experience and knowledge of specialist in-house auditors in niche areas of expertise:

- We have our own **IT auditors** who are experienced in covering all aspects of established and emerging technologies.
- We have a team of trained **fraud specialists** who carry out a range of proactive fraud work and reactive investigatory work as required by our customers.
- We have staff experienced and qualified in **procurement and contract audit** who carry out reviews of major capital projects and revenue contracts.

Experience - All of our staff have significant experience and understanding of the requirements of auditing in a public sector environment. Our staff are fully conversant with relative industry standards and practices.

Quality - Our measure of quality is customer satisfaction and our goal is to provide a service that meets or exceeds those expectations.

Our aim is to provide a service that remains responsive to the needs of our customers and maintains consistently high standards. Some of these measures are outlined in fig 1.

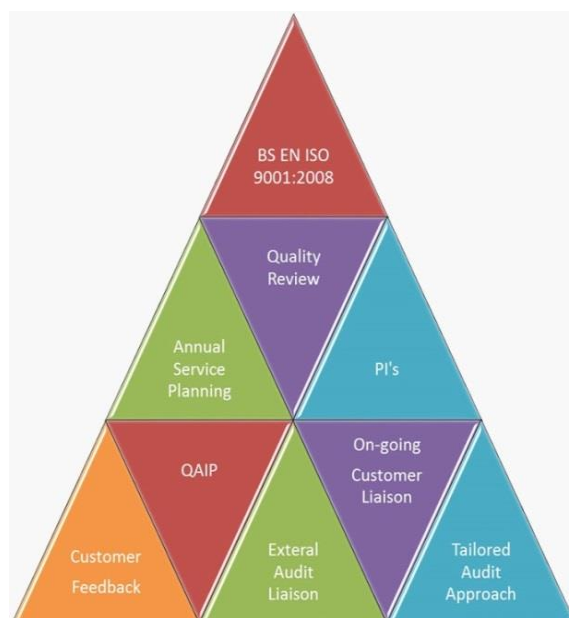


Fig 1.

Professional Standards –The SIAP have been externally assessed as compliant with the Public Sector Internal Audit Standards. In September 2015 the Institute of Internal Auditors were commissioned to complete an external assessment of the SIAP.

The assessment included review of a wide range of documentary evidence; interviews and surveys with representative stakeholders (including Chief Executives, Audit Chairs and S151 Officers) across existing partnering organisations in addition to members of the SIAP staff.

In considering all sources of evidence the External Assessment Team concluded:

“It is our view that the Southern Internal Audit Partnership generally conforms to all principles within the Standards. This performance is within the top decile of EQA reviews we have performed. This is a notable achievement given the breadth of these Standards and the operational environment faced by SIAP.

It is therefore appropriate for the Southern Internal Audit Partnership to say in reports and other literature that it “conforms to the IIA’s professional standards” and that its “work has been performed in accordance with the International Professional Performance Framework (IPPF)”

The SIAP are also accredited under British Standard BS EN ISO 9001:2008, the international quality management standard.

3. Additional benefits

Constitution – the Southern Internal Audit Partnership is constituted under S101 (5) of the Local Government Act 1972. As such those organisations joining the Partnership do so as a ‘discharge of function’ and therefore negate the requirement to undergo costly and resource intensive procurement / tendering exercises.

Governance - The governance of the SIAP affords each participating Council membership of the Key Stakeholders Board. The Board meets bi-annually (minimum) and is constituted by each organisations S151 officer, providing the opportunity to engage in performance reporting, business planning, resourcing, updates, and future direction of the Partnership. An overview of the governance structure is provided at Appendix 3.

Value For Money - continuing value for money considerations on behalf of the organisation are provided through a biennial report to the Key Stakeholder Board benchmarking Partnership costs against a range of other market providers.

Staff development / progression – due to the relative size of the SIAP, the diverse nature of our client portfolio and the multi-disciplinary nature in which the partnership operate, the SIAP offers staff occasion to audit areas of local government and other public sector organisations they may not have otherwise had the opportunity to engage with. This has the dual benefit of broadening experiences at an individual level as well as an enhanced knowledge base to work more flexibly and with greater insight across the wider Partnership, to the benefit of those with which they are engaged.

Additional benefits are evident in enhanced opportunities for career progression given the size of the SIAP and its growing establishment as more organisations join the Partnership.

Best practice – the collaborative nature of the SIAP, coupled with its inclusive governance structure, ensures that best practice and key risks are shared and assessed across the Partnership, ensuring that each organisation benefits from this wider pool of knowledge and awareness.

Such benefits are also implicit within assignment reporting, through the multi-disciplinary nature of our staff who gain valuable experience and intelligence from a wide range of public sector disciplines to inform their day-to-day work across the Partnership's portfolio.

Additionally, to add value to our partner organisations and to share development ideas and best practice, the SIAP collaborate with nine other major Internal Audit Partnerships from across the Country. As a cohort, 'Audit Together' maintains an extensive pool of knowledge and experience in internal audit and represents the profession at a national level.

The collaboration affords the Southern Internal Audit Partnership to share intelligence with audit professionals across in excess of 100 public sector organisations including 58 local councils (Counties, Unitaries and Districts).

As a collaboration we meet at frequent intervals and provide our partner organisations with periodic bulletins 'An Internal Audit View' to share the most topical and pertinent internal audit issues for circulation to all relevant stakeholders.

Financial – indicative costs of joining the Partnership are discussed individually with each organisation, however, some additional savings / benefits that would be inherently realised include:

- As the SIAP have already attained accreditation, there will be no necessity for on-boarding council's to undertake an independent external assessment against the PSIAS (which all organisations must undertake by April 2018). Whilst cost can vary dependant on the size of the organisation and the body commissioned to undertake the external review, potential costs would reasonably expected to be £2k - £5k on top of audit staff, senior officer and member time and commitment;
- Dependant on organisational requirements with regard on-site presence, there may be opportunity to free desired desk space to complement corporate accommodation strategies;
- Access to wider training resources would be available at no extra cost through the Partnership's membership of the CIPFA Better Governance Forum; County Chief Auditor Network; and Home Counties Audit Groups;
- The Southern Internal Audit Partnership has recently facilitated a coordinated Member training programme open to Audit Committee members from across all partners within our client portfolio. This was provided at no additional cost to partner organisations and enabled the opportunity for Members to benchmark, network and discuss their role and approach. This particular event included a guest speaker from CIPFA ; and
- Financial and opportunity savings that would otherwise be incurred in a recruitment and/or tender procedure (as alluded to in Section 3 - 'Constitution' Page 6).

Approach to Fraud & Corruption – the changing context in which local government services are delivered, the increasing risk of fraud by motivated offenders, reduced local authority resources and associated changes to existing local control frameworks create a pressing need for a new approach to tackling fraud perpetrated against local government.

The Southern Internal Audit Partnership work with organisations with which they are engaged in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews are undertaken by professionally accredited (CIPFA CCIP) staff, in accordance with the organisation's Anti Fraud & Corruption Policy and Response Plan.



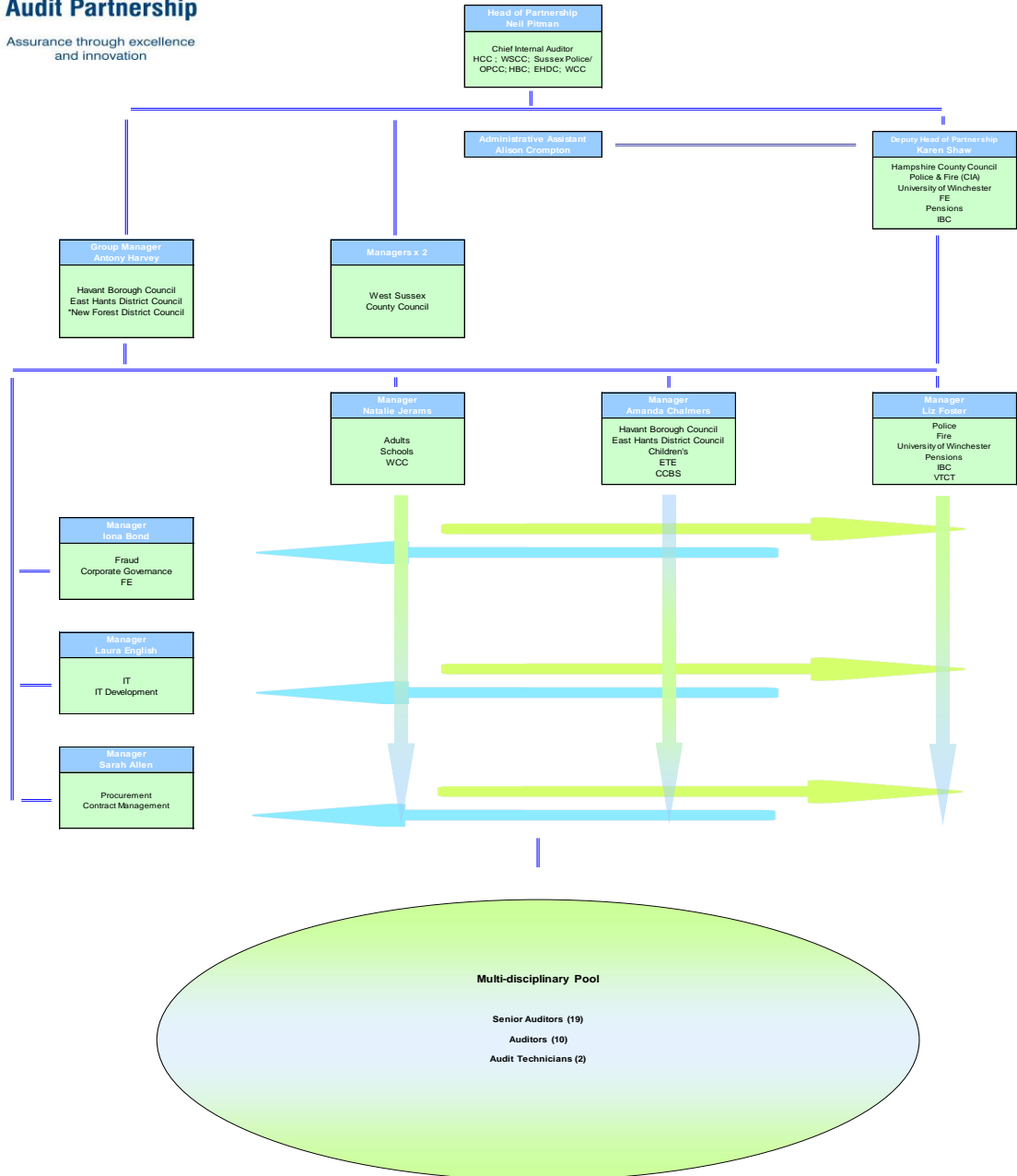
Whilst the established process to reactive fraud assists organisations in appropriately responding to notified incidents or suspicions of fraud and irregularity, it is equally important to ensure proactive initiatives are explored to understand, prevent and detect fraud risks across any organisation.

Many of the aspects contributing to an effective proactive approach to fraud risk management are implicit within the Southern Internal Audit Partnership's established processes. This is demonstrated through our dedicated and qualified fraud team, the tools to which they have access and our participation in national and local fraud collaboration groups.

Building on intelligence from such collaboration and through discussions locally within organisations we are able to form a fraud risk register from which our proactive fraud activity is planned.

Our fraud work culminates in an annual report outlining the year's activities and results which is presented to Senior Management and those charged with governance alongside the Chief Internal Auditor's Annual Report & Opinion.

**Southern Internal Audit Partnership
Organisational Structure**



Qualifications

Head of Partnership	MSC, CMIIA, CCAT, CCIP
Deputy Head of Partnership	CIPFA
Group Manager	CIPFA
Audit Managers	Minimum CMIIA / CCAB (QICA / CISA for IT specialism)
Senior Auditors	Minimum PIIA / MAAT - many hold higher level qualification (MIIA / CCAB)
Auditors	Minimum PIIA / MAAT (one auditor currently studying CISA due to IT specialism)
Technicians	Minimum PIIA / MAAT

Additionally 4 members of the Partnership hold the CIPFA Certificate in Investigatory Practice for fraud and irregularity reviews

*Temporary reduction in client portfolio to accommodate NFDC commitments

Southern Internal Audit Partnership Portfolio

Host Partner:	Hampshire County Council
Key Stakeholder Partners:	Havant Borough Council East Hampshire District Council Winchester City Council Hampshire Fire & Rescue Authority Hampshire Office of the Police & Crime Commissioner Hampshire Constabulary West Sussex County Council New Forest District Council
External clients:	Hampshire Pension Fund Sussex Pension Fund Sussex Office of the Police & Crime Commissioner Sussex Police Force Lymington & Pennington Town Council Chichester Harbour National Park Authority Charitable Organisations VTCT Hampshire Cultural Trust Higher Education Institutions University of Winchester Further Education Institutions and Sixth Form Colleges Eastleigh; Highbury; Isle of Wight College; Itchen; Portsmouth; and Queen Mary College (QMC)

SIAP – Governance Structure

The governance of the Southern Internal Audit Partnership (SIAP) affords each participating organisation membership of the Key Stakeholders Board. The Board meets bi-annually (minimum) and is constituted by each organisations S151 officer. There is currently no Member representation within the governance of the SIAP

Southern Internal Audit Partnership - Governance Structure

