



## EXTERNAL QUALITY ASSESSMENT (EQA) FINAL REPORT FOR



**Southend-on-Sea Borough Council, Castle Point Borough Council and  
South Essex Homes**

**Prepared by John Chesshire and Liz Sandwith on behalf of the CIIA**

**29 October 2017**

	<b>PAGES</b>
<b>Executive Summary</b>	<b>3</b>
<b>Conformance to the International Professional Practices Framework</b>	<b>4</b>
<b>Key Achievements</b>	<b>5</b>
<b>Recommendations to achieve conformance to the Standards</b>	<b>5-11</b>
<b>Opportunities for Further Development and Continuous Improvement</b>	<b>12</b>
<b>IIA evaluations:</b>	
• Internal Audit Maturity Matrix	<b>12</b>
• Corporate Audit SWOT Analysis	<b>14</b>
<b>Appendices:</b>	
<b>1. IIA Grading definitions</b>	<b>15</b>
<b>2. List of Interviewees</b>	<b>16</b>
<b>3. Summary of conformance tables for each client organisation</b>	<b>17-18</b>

***Disclaimer: The EQA Review was concluded in October 2017 and provides management and the Audit Committee with information about Internal Audit as of that date. Future changes in environmental factors and actions taken to address recommendations, may have an impact upon the operation of Internal Audit in a manner that this report cannot anticipate. Considerable professional judgment is involved in evaluating. Accordingly, it should be recognised that others could draw different conclusions. This report is provided on the basis that it is for your information only and that it will not be quoted or referred to, in whole or part, without the prior written consent of Chartered IIA***

## EXECUTIVE SUMMARY

### External Quality Assessment for Southend-on-Sea Borough Council, Castle Point Borough Council and South Essex Homes

The Internal Audit Services **fully meet most of the Standards, as well as the Definition, Core Principles and the Code of Ethics**, which form the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the globally recognised standard for quality in Internal Auditing. This is described as **"Generally Conforms"** (See Appendix 1). It means that the Internal Audit Services may state in their internal audit reports for all clients that the work "has been performed in accordance with the IPPF".

We have benchmarked the performance of the Internal Audit Services against a maturity model based on a wide range of UK and Irish internal audit functions and we believe that it is **Good** in its:

- Reflection of the Standards
- Focus on performance, risk and adding value
- Quality Assurance and Improvement Programme

We consider that a key factor in these achievements is the dedication, knowledge, skills and experience of the Head of Internal Audit, Linda Everard, and her Audit Manager, Elaine Allen. Both are well respected by key stakeholders and the in-house service as whole is valued and trusted. Stakeholder feedback was not as universally positive about aspects of the external, contractor resource. Experience and insight was particularly valued, whether from in-house or external parties.

We consider that the Internal Audit Services **Needs Improvement** as regards:

- Coordinating and maximising assurance
- The efficiency of its operations

The need to consider how best to rely on and coordinate with other assurance providers is an emerging area of internal audit practice. It depends as much on the other assurance providers as it does internal audit, but it is something that could be explored more fully as governance, risk management and control maturity increases across the three organisations. Given the staffing shortfalls in the Internal Audit Services over the recent past, aspects of internal audit efficiency have suffered, as recognised and reported upon by the team. As these staffing issues are now nearly addressed, this provides an opportunity to revisit engagement planning and delivery to reduce the elapsed time from initiation to finalisation and completion. This should enhance the impact of audit work and further improve stakeholder relations.

We have provided the Head of Internal Audit with our comments in a detailed Standard-by-Standard checklist as a separate 90-page document.

We also make a number of recommendations to achieve conformance with the Standards. These are included below.

Finally, as part of this External Quality Assessment we undertook an online survey of thirty two managers at Southend-on-Sea, five managers from Castle Point and five managers from South Essex Homes. We received eleven responses in total. The majority of the results were positive 'excellent' or 'good' markings, with a few 'fair' assessments and a very small number of 'poor' ratings. This mirrors the Head of Internal Audit's expectations. We have sent on a separate copy of the full survey results to the Head of Internal Audit.

## **Conformance to the Standards: The International Professional Practice Framework (IPPF)**

The objective of this External Quality Assurance (EQA) review was to undertake an independent, objective validation of the Southend-on-Sea, Castle Point and South Essex Homes Internal Audit Services self-assessments against the IPPF and Public Sector Internal Audit Standards (PSIAS). This has included considering the Services conformance to the IPPF, benchmarking the function's activities against best practice and assessing the impact of internal audit on each organisation.

The Institute of Internal Audit's (IIA's) International Professional Practice Framework (IPPF) includes the Definition of Internal Auditing, Core Principles, Code of Ethics and *International Standards*. There are 64 fundamental principles to achieve with 118 points of recommended practice.

We include a summary of the Internal Audit Services conformance to both the IPPF and the core principles for each of its client organisations at Appendix three. Overall, we believe that the Internal Audit Service has achieved a good performance given the breadth of the IPPF and the diverse organisational contexts that the team operate in across the region.

The overall assessment resulting from the EQA is that the Internal Audit Services "does generally conform to the IIA's professional standards" and by extension, the Public Sector Internal Audit Standards (PSIAS) for all clients.

It is therefore appropriate for the Internal Audit Services to say in reports and other literature that they "**conform to the IIA's professional standards**" and that their work has been performed "**in accordance with the IPPF.**"

This external quality assessment was conducted as a validation of the very thorough, comprehensive self-assessments carried out by the Internal Audit Services using the methods prescribed by the Chartered Institute of Internal Auditors. We reviewed an extensive range of documentary evidence, interviewed a small number of representative stakeholders and discussed aspects of this assessment with members of the Internal Audit Services. We have provided the Head of Internal Audit with our comments in a detailed standard-by-standard checklist as a separate 90-page document that summarises our view in respect of the internal audit service and its three clients.

## Key Achievements

The Internal Audit Services deliver an effective independent and objective assurance service across the authorities and company they serve, covering the full range of activity that these organisations undertake. Some challenges remain, of course, but overall, we believe that stakeholders see the Head of Internal Audit and the core Internal Audit Services as professional, approachable, respected and competent in their work.

It was clear from our interviews and survey results that senior managers value the results of internal audit engagements.

The Service is led by a very experienced Head of Internal Audit who is a member of CIPFA and a CIPD associate. She is supported by an experienced audit manager, an interim and recently joined audit manager and a core team of two internal auditors, both of whom are still part of the service's innovative graduate training programme, and two business support colleagues. The team currently has a number of senior auditor and internal auditor vacancies. Co-sourcing arrangements exist with two external service providers, both of whom have also had EQAs in recent years.

The Internal Audit Services focus on delivering quality reports and insight against key, topical business risks. As a result, the business model they are adopting is to have fewer, more highly skilled experienced staff who understand the sector, its pressures and can deliver work in key areas of risk, such as procurement, contract management and business change. We support this, and note from our interviews that key stakeholders welcome this deeper approach with its more value adding engagement, reporting and recommendations.

Stakeholders were universally complimentary about the Head of Internal Audit's technical knowledge and experience. The Service as a whole is respected and valued. Stakeholders welcome the Internal Audit Services' engagement, visibility, objectivity and reporting.

Annual planning is comprehensive and is a very participative process involving clients and stakeholders at appropriate stages. Progress is documented and reported in quarterly sessions with respective audit committees and senior managers.

The Internal Audit Services have developed an appropriate methodology for auditing across Southend-on-Sea, Castle Point and South Essex Homes. The operational internal audit processes are fit for purpose and documented in a professional audit manual and an associated set of templates and supporting guidance. Our file reviews showed appropriate in-house compliance with their methodology and evidence of appropriate supervision and review. A lack of resourcing has impacted the Head of Internal Audit's ability to undertake 'cold' reviews of contractor working files. Following a risk-based approach, assurance has been placed on contractor internal quality assurance processes.

The internal auditors are directly supported by a dedicated and professional business support team, thus freeing up staff time to focus on core internal audit delivery.

The Internal Audit Services have been through a difficult two years, with a service review, recruitment freeze and associated uncertainty. It is to their credit that the team have emerged from this, continued to focus on the core internal audit role, and are moving towards a steady state operating model. We hope that this evolution will be substantially complete by the start of the financial year 2018-19 period.

## Recommendations to achieve conformance to the Standards

The Head of Internal Audit has identified a number of proposed actions in their self-assessment. We agree with the majority of these and recognise that the remainder go beyond what we would expect in demonstrating strict conformance with the IPPF and PSIAS. We do not repeat these actions in our report.

We also make a relatively small number of additional recommendations and have detailed these below, together with the Head of Internal Audit's response(s):

Ref	IPPF section	Recommendations for the Head of Internal Audit	Head of Internal Audit (HoIA) Response
1.	1000 - Purpose, Authority, and Responsibility	More completely reference the Code of Ethics and unrestricted access elements' in the Audit Charter for all three clients, at the next update.	Agreed. <i>HoIA, South Essex Homes, February 2018 Audit Committee.</i> <i>HoIA, Councils, March 2018 Audit Committees.</i>
2.	1110 - Organisational Independence	Re-establish the one-to-one meetings between the HoIA and the Audit Committee.	At Southend, discuss with the new Chief Executive whether this practice can be re-instated. <i>HoIA, 31 December 2017</i>
			At Castle Point, discuss formally building this into the Audit Committee's annual work programme with the Head of Resources. <i>HoIA, 31 December 2017</i>
			At South Essex Homes, no action is required as this standard has always been complied with.
		Re-consider the Audit Committee's role in the appointment, remuneration and removal of the HoIA.	Confirm with the Chief Executives' at both Southend and Castle Point that they continue to choose not to implement this standard, as part of renewing the Collaborative Working Agreement for both Head of Internal Audit and Internal Audit Services. <i>HoIA, 31 December 2017</i>
			At South Essex Homes, no action is required as this is a bought in service and the Audit Committee is responsible for letting and managing of the Internal Audit contract.

Ref	IPPF section	Recommendations for the Head of Internal Audit	Head of Internal Audit (HoIA) Response
3.	1111 - Direct Interaction with the Board	Re-establish annual Audit Committee performance assessments in line with good practice.	At Southend, a draft assessment has been produced.  There is a meeting on 27th November 2017 with the new Chief Executive and relevant officers to discuss it and how to take this forward.
			At Castle Point, produce an assessment with the Head of Performance and Service Support to discuss at the Good Governance Group on 20 November 2017.  <i>HoIA, 3 November 2017</i>
			At South Essex Homes, no action is required as this standard has always been complied with.
4.	2010 - Planning	Refresh the formal risk-based audit universe to ensure that it remains topical, up to date and is communicated to key stakeholders.	Update the guidance that sets out how risk in each category within the audit risk assessment, is assessed.  Simplify the overall scoring criteria for the audit risk assessment, so that it highlights whether it is a potential audit risk or not (rather than scoring 1 to 4).  Summarise the activities considered significant enough to warrant periodic, independent challenge by internal audit.  <i>AMs / HoIA, March 2018</i>  Present the list periodically to senior management and the Audit Committee as part of the audit planning process.
5.	2050 - Coordination and Reliance	Consider developing a fit for purpose assurance map, following the refresh of the audit universe.	At all clients, Internal Audit will further develop the "other assurance" element of the audit risk assessments particularly with regard to corporate business management processes, as part of the 2018/19 audit planning round.  <i>AMs / HoIA, March 2018</i>
			At Southend, no other action is proposed by Internal Audit.

Ref	IPPF section	Recommendations for the Head of Internal Audit	Head of Internal Audit (HoIA) Response
			<p>At Castle Point, the Good Governance Group (GGG) will:</p> <ul style="list-style-type: none"> <li>• make this a work stream using all the intelligence it currently has</li> <li>• re-consider the practicalities of building "assurance" into the risk management process as part of the update of the framework currently being undertaken.</li> </ul> <p><i>GGG complete by March 2018</i></p> <hr/> <p>At South Essex Homes, refresh and update the assurance map produced a few years ago with the Group Manager, Resources &amp; Business Development, when producing the Audit Plan for 2018/19.</p> <p><i>HoIA / GM, R&amp;BD, February 2018</i></p>
6.	2070 - External Service Provider and Organisational Responsibility for Internal Audit	As the in-house team becomes more established, the HoIA should consider how best to ensure the effective direction, management and supervision of external contractor resources to ensure effective delivery to quality, cost, time and relationship standards.	<p>My second Audit Manager (AM) post was not filled until July 2017.</p> <p>The team is in the process of reallocating all remaining contractor jobs to one or other of the AMs (taking me out of the equation).</p> <p>All new contractor work will have AM time allocated to it to:</p> <ul style="list-style-type: none"> <li>• help with the set up of jobs</li> <li>• enable audit delivery to be supported</li> <li>• enable the reports to be reviewed before going to the Head of Internal Audit for clearance.</li> </ul> <p>This now needs to bed down and become fully effective rather than taking any further action.</p> <hr/> <p>Clear the remaining few older reports so that the focus is on the current work.</p> <p><i>AM / HoIA December 2017</i></p> <hr/> <p>The budget needed to effectively manage jobs being completed by contractors will be fundamentally reviewed as part of the 2018/19 Audit Planning process for all clients.</p> <p><i>AMs / HoIA, March 2018</i></p>



Ref	IPPF section	Recommendations for the Head of Internal Audit	Head of Internal Audit (HoIA) Response
7.	2420 - Quality of Communications	Reflect on what can be done to reduce the elapsed time from start to finish of internal audit engagements, leading to more efficient and timely delivery.	<p>Currently this elapsed time is not consistent with all jobs. Internal staff reports generally get cleared much more quickly than contractor work as they are better drafted, with control related management actions.</p> <p>Actions required to address this are:</p> <ul style="list-style-type: none"> <li>• allocate sufficient time for AMs to manage all contractor work (see above)</li> <li>• complete the project on upgrading / refreshing how we use APACE, our time recording / performance management data base</li> </ul> <p><i>Business Support Team, March 2018</i></p> <ul style="list-style-type: none"> <li>• use APACE effectively to timetable the delivery of audits and monitor progress against both budgets and timelines</li> </ul> <p><i>Business Support Team to manage process</i></p> <ul style="list-style-type: none"> <li>• re-introduce the target of issuing draft reports within 15 days of the final feedback meeting.</li> </ul> <p><i>All staff, for 2018/19 Audit Plans</i></p>
8.	2420 - Quality of Communications	Consider further engagement with key stakeholders on the overall opinions, explaining how they are determined and whether they could be presented in a clearer and more intuitive way to aid understanding.	<p>Finalise the draft audit opinion guide for new audits.</p> <p><i>HoIA, October 2017</i></p> <p>Produce new guidance on opinions for follow up audits.</p> <p><i>HoIA, December 2017</i></p> <p>Include a requirement in the Audit Manual about:</p> <ul style="list-style-type: none"> <li>• issuing the guidance to and discussing it with clients within the draft terms of reference</li> <li>• attaching it as an appendix to the report.</li> </ul> <p><i>AMs, March 2018</i></p>

Ref	IPPF section	Recommendations for the Head of Internal Audit	Head of Internal Audit (HoIA) Response
9.	2431 - Engagement Disclosure of Non-conformance	Consider updating the Audit Manual with a small section covering this particular situation and referencing PS2431.	Agreed. <i>AMs, March 2018</i>
10.	2440 - Disseminating Results	Consider what aspects of approving the final engagement communication before issuance could be delegated to the audit managers.	<p>The operating model the team is designed for is that:</p> <ul style="list-style-type: none"> <li>• AMs are responsible for all aspects of day to day service delivery, which includes getting terms of reference and reports to an acceptable standard to be issued</li> <li>• the HoIA role is far more strategic meaning she only gets involved in operational issues when needed. So with regards to terms of reference and reports, the HoIA's role is just clear them for issue (like a partner in a firm) and spend minimal time reviewing / amending.</li> </ul> <p>For this to operate as designed, other recommendations need to have been dealt with i.e.:</p> <ul style="list-style-type: none"> <li>• AM and senior auditor posts need to be filled with staff operating fully at these levels</li> <li>• the time allocated to managing contractors and processes to do this need to be fully effective</li> <li>• the refreshed time and performance management system (APACE) needs to be in place</li> <li>• the Business Support Team restructure needs to be completed and the service fully operational.</li> </ul> <p>No other actions are required.</p>
11.	2500 – Monitoring Progress	Consider how best to report outstanding, overdue recommendations to key stakeholders at regular intervals.	A process was agreed in principle with each client, whereby service areas would provide assurance to the Audit Committee that actions arising from Internal Audit reports with High or Satisfactory assurance, had been properly implemented. Internal Audit would not then revisit these reports. This still needs to be implemented in practice.

Ref	IPPF section	Recommendations for the Head of Internal Audit	Head of Internal Audit (HoIA) Response
			<p>Service management teams at each client have their own arrangements for monitoring the delivery of agreed actions from the relevant data base there are maintained on.</p> <p>This information is not being reported to Audit Committees.</p> <p><i>Actions required</i></p> <p>Finalise the arrangements for reporting to Audit Committee on management sign off of action plans for audit reports with high or satisfactory opinions.</p> <p><i>Business Support Manager, March 2018</i></p> <p>Design the content and format of a report to go to Audit Committee, for each client that shows the progress made by services in addressing agreed actions, for each live audit report.</p> <p><i>Business Support Manager / HoIA, March 2018</i></p>

## **Opportunities for Further Development and Continuous Improvement**

The Chartered Institute regards conformance to the IPPF – and by extension the PSIAS - as the foundation for effective internal audit practice.

However, in our EQA reviews we also seek feedback from key stakeholders and we benchmark each function against the diversity of professional practice seen on our EQA reviews and other interviews with chief audit executives, summarised in an Internal Audit effectiveness matrix (page thirteen).

We then interpret our findings into a summary of strengths and weaknesses (page fifteen) to set the scope for further development based upon the wide range of guidance published by the Chartered Institute. It is our aim to offer advice and a degree of challenge to help internal audit functions continue their journey towards best practice and excellence.

## Internal Audit Maturity Matrix: Internal Audit Services Effectiveness highlighted

Assessment	IIA standards	Focus on performance, risk and adding value.	Coordination and maximising assurance	Operating with efficiency	Quality Assurance and Improvement Programme
<b>Excellent</b>	Outstanding reflection of the IIA standards, in terms of logic, flow and spirit. Generally conforms in all areas.	IA alignment to the organisation's objectives, risks and change. IA has a high profile, is listened to and is respected for its assessment, advice and insight.	IA is fully independent and is recognised by all as a 3 <sup>rd</sup> line of defence. The work of assurance providers is coordinated with IA reviewing reliability thereof.	Assignments are project managed to time and budget using tools/techniques for delivery. IA reports are clear, concise and produced promptly.	On-going efforts by IA team to enhance quality through continuous improvement. QA&IP plan is shared with and approved by AC.
<b>Good</b>	The IIA Standards are fully integrated into the methodology – mainly generally conforms.	Clear links between IA engagement objectives to risks and critical success factors with some acknowledgement of the value added dimension.	Coordination is planned at a high level around key risks. IA has established formal relationships with regular review of reliability.	Audit engagements are controlled and reviewed while in progress. Reporting is refined regularly linking opinions to key risks.	Quality is regarded highly, includes lessons learnt, scorecard measures and customer feedback with results shared with AC.
<b>Satisfactory</b>	Most of the IIA Standards are found in the methodology with scope to increase conformance from partially to generally conform in some areas.	Methodology requires the purpose of IA engagements to be linked to objectives and risks. IA provides advice and is involved in change but criteria and role require clarity.	The 3 lines of defence is model is regarded as important. Planning of coordination is active and IA has developed better working relationships with some review of reliability.	Methodology recognises the need to manage engagement efficiency and timeliness but further consistency is needed. Reports are informative and valued.	Clear evidence of timely QA in assignments with learning points and coaching. Customer feedback is evident. Wider QA&IP may need formalising.
<b>Needs improvement</b>	Gaps in the methodology with a combination of non-conformances and partial conformances to the IIA Standards.	Some connections to the organisation's objectives and risks but IA engagements are mainly cyclical and prone to change at management request.	The need to coordinate assurance is recognised but progress is slow. Some informal coordination occurs but reviewing reliability may be resisted.	Multiple guides that are slightly out of date and form a consistent and coherent whole. Engagements go beyond deadline and a number are deferred.	QC not consistently embedded across the function. QA is limited / late or does not address root causes.
<b>Poor</b>	No reference to the IIA Standards with significant levels of non-conformance.	No relationship between IA engagements and the organisation's objectives, risks and performance. Many audits are ad hoc.	IA performs its role in an isolated way. There is a feeling of audit overload with confusion about what various auditors do.	Lack of a defined methodology with inconsistent results. Reports are usually late with little perceived value.	No evidence of ownership of quality by the IA team.

## SWOT analysis: Internal Audit Services opportunities for development

What works well (Strengths)	What could be done better (Weaknesses)
<ul style="list-style-type: none"> <li>• The Head of Internal Audit and the team are highly respected by key stakeholders.</li> <li>• Stakeholders felt very engaged in the annual engagement planning processes.</li> <li>• Stakeholders felt that the annual plans covered relevant, useful subjects.</li> <li>• Stakeholders were supportive of the engagement report format and structure.</li> <li>• The core Internal Audit Services were generally viewed as competent, knowledgeable, visible and approachable. Particular mention should go to Elaine Allen, Audit Manager as stakeholders were hugely positive about her enthusiasm and dedication.</li> <li>• Key stakeholders believe that the Internal Audit Services deliver added value.</li> <li>• The Head of Internal Audit is flexible about amending the agreed annual plans to reflect changing priorities and emerging issues.</li> <li>• Critical friend role and Review reports are particularly valued.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of timeliness in internal audit engagements from initiation, through fieldwork to reporting and finalising means that impact can be reduced and stakeholders not fully informed each time, every time.</li> <li>• More formal coordination and knowledge sharing with other internal and external assurance providers may help improve governance, risk and control across the authorities.</li> <li>• More formal assurance mapping may help evidence where the Internal Audit Services could usefully focus their future efforts and correspondingly highlight where less work could be undertaken if alternate assurances are robust and reliable.</li> </ul>
What could deliver further value (Opportunities)	What could stand in your way (Threats)
<ul style="list-style-type: none"> <li>• Reinstitute a range of effective performance metrics for 2018-19 onwards now that the Internal Audit Services' staff resources are stabilising.</li> <li>• Learning from recent experiences on the duration of internal audit engagements – are the planned durations realistic and achievable given governance maturities?</li> <li>• Improve communications and messaging around the engagement level opinions and which agreed actions are more urgent/higher priority through RAG coding.</li> <li>• Build in time for effective knowledge transfer from the co-sourced partners, especially in the area of IT related audit practices.</li> <li>• Refresh the formal risk-based audit universe to ensure that it remains topical, up to date and is communicated to key stakeholders.</li> <li>• Ensure proportionate and risk-based management and quality assurance of external contractor resources to ensure the Internal Audit Services' reputation is not impacted through less effective work or poor relationship management.</li> <li>• Revisit and actively monitor risks to the achievement of the Internal Audit Services' objectives to ensure negative impacts are reduced.</li> <li>• Enhanced use of data analytics may offer greater assurance over transactions.</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of the Head of Internal Audit and Audit Managers would impact service delivery, as well as potentially unit reputation and standing.</li> <li>• Small but growing core Internal Audit Services with risk of loss of continuity, local knowledge and expertise if staff move elsewhere.</li> <li>• Enhancing team competence and proficiency in emerging areas of risk (e.g. cyber, GDPR, culture) will require further investment. These areas may seem specialist today, but they should be core to our future role.</li> </ul>

The following rating scale has been used in this report.

<b>Overall Audit Grading</b>	
<b>Generally Conforms (GC)</b>	The assessor has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.
<b>Partially Conforms (PC)</b>	The assessor has concluded that the activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.
<b>Does Not Conform (DNC)</b>	The assessor has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual Standard or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. They may also represent significant opportunities for improvement, including actions by senior management or the board.

Often, the most difficult evaluation is the distinction between general and partial. It is a judgement call keeping in mind the definition of general conformance above. The assessor must determine if basic conformance exists. The existence of opportunities for improvement, better alternatives, or other successful practices does not reduce a “generally conforms” rating.

We greatly appreciate the time and assistance given by stakeholders and members of Southend-on-Sea, Castle Point and South Essex Homes during the review.

Name	Position / role
Joe Chesterton	Director of Finance and Resources, S151, Southend Borough Council
Cllr Meg Davidson	Audit Committee Chair, Southend Borough Council
Mike Gattrel	Chief Executive, South Essex Homes
Tim Hooper	PWC, co-sourced auditor
Simon Leftley	Deputy Chief Executive (People), Southend Borough Council
Andrew Lewis	Deputy Chief Executive (Place), Southend Borough Council
Chris Mills	Head of Resources, Castle Point Borough Council
Craig Watts	Head of Performance and Service Support, Interim Head of Housing, Castle Point Borough Council

### Online Survey

Finally, as part of this External Quality Assessment we undertook an online survey of thirty two managers at Southend-on-Sea, five managers from Castle Point and five managers from South Essex Homes.

We received 11 responses. The majority of the results were positive 'excellent' or 'good' markings, with a few 'fair' assessments and a very small number of 'poor' ratings. This mirrors the Head of Internal Audit's expectations. We have sent on a separate copy of the full survey results to the Head of Internal Audit.



Summary of conformance tables for each client organisation

Appendix 3

Southend Borough Council:

Summary of IIA Conformance	Standards	N/A	Does not Conform	Partially Conforms	Generally Conforms	Total
Definition of IA and Code of Ethics	Rules of conduct	0	0	0	12	12
Purpose	1000 - 1130	0	0	4	4	8
People	1200 - 1230	0	0	0	4	4
Performance	1300 - 1322	0	0	0	7	7
Planning	2000 - 2130	0	0	2	10	12
Process	2200 - 2600	1	0	4	16	21
<b>Total</b>		<b>1</b>	<b>0</b>	<b>10</b>	<b>53</b>	<b>64</b>

Castle Point Borough Council:

Summary of IIA Conformance	Standards	N/A	Does not Conform	Partially Conforms	Generally Conforms	Total
Definition of IA and Code of Ethics	Rules of conduct	0	0	0	12	12
Purpose	1000 - 1130	0	0	4	4	8
People	1200 - 1230	0	0	0	4	4
Performance	1300 - 1322	0	0	0	7	7
Planning	2000 - 2130	0	0	2	10	12
Process	2200 - 2600	1	0	4	16	21
<b>Total</b>		<b>1</b>	<b>0</b>	<b>10</b>	<b>53</b>	<b>64</b>

**South Essex Homes:**

<b>Summary of IIA Conformance</b>	<b>Standards</b>	<b>N/A</b>	<b>Does not Conform</b>	<b>Partially Conforms</b>	<b>Generally Conforms</b>	<b>Total</b>
Definition of IA and Code of Ethics	Rules of conduct	0	0	0	12	12
Purpose	1000 - 1130	0	0	4	4	8
People	1200 - 1230	0	0	0	4	4
Performance	1300 - 1322	0	0	0	7	7
Planning	2000 - 2130	0	0	2	10	12
Process	2200 - 2600	1	0	2	18	21
<b>Total</b>		<b>1</b>	<b>0</b>	<b>8</b>	<b>55</b>	<b>64</b>