

UNCLASSIFIED



HM TREASURY

## **EQA Specification**

### **Introduction**

*This document forms the basis of a specification for the procurement of an External Quality Assessment (EQA) of a government internal audit service. The document sets out the key requirements that should be included in the specification along with a description of the information about the service and the department that needs to be included.*

*The body or bodies procuring the review should incorporate the information detailed below into their own / departmental one off tender process. Given both the value and frequency of the EQA requirement it is not considered necessary to establish a government wide framework. For these reviews however, existing frameworks may be used as appropriate.*

### **Background**

The Public Sector Internal Audit standards set out that an EQA must be performed by an independent body once every five years. To facilitate a consistent level of review the Treasury have developed an Internal Audit Quality Assessment Framework which sets out process and defined statements of good practice against which the assessment should be made.

The internal audit service to be reviewed as part of this EQA comprises the following:

*[Provide a clear description of the internal audit service to be reviewed including,*

- *size of function (number of staff),*

The Internal Audit Section comprises a single team of 10.9 fte. There are 12 staff members in the team.

- *bodies audited and number of reviews performed on an annual basis,*

The Internal Audit Section audits Nottinghamshire County Council, the Nottinghamshire Fire and Rescue Service and the Nottinghamshire Pension Fund. Around 130 reviews are completed annually.

- *details of any outsourced/co-sourced arrangement,*

There is currently no co-sourced work.

- *locations*

The service is based at County Hall, West Bridgford, Nottingham.

- *reporting lines*

The Group Manager, Internal Audit reports to the Council's s151 officer, the Service Director for Finance, Procurement and Improvement. The Internal Audit Service reports its progress to the Council's Governance & Ethics Committee.

- *owner of the final report*

The EQA report will be directed to the Service Director (Finance, Procurement & Improvement).

- *any key dates that need to be met*

The EQA report needs to be completed by the end of March 2018.

- *definition of the Chief Audit Executive for the purposes of the review.*

For the purpose of the review, the Group Manager (Internal Audit) is the Chief Audit Executive.

### **Summary of requirements**

The provider is required to perform a review of the internal audit service in accordance with the Internal Audit Quality Assessment Framework (IAQAF). It is envisaged that this would be carried out by:

- interviews with key internal audit stakeholders (*suggested interview list to be detailed* stakeholders to include: Chairman & Vice-Chairman of the Governance & Ethics Committee; Chief Executive; Monitoring Officer; s151 Officer; External Auditor);
- meetings with the Chief Audit Executive and members of the internal audit team as required;
- an electronic questionnaire to be sent to a wide range of 'customers' (as set out in the IAQAF)
- a review of key documentation to understand the current processes to include audit plan, Charter, Audit Committee reports, internal audit reports and a sample of working paper files [*sample size to be defined or to be a question for the potential providers*].
- evaluation of the internal audit function against the IAQAF including consideration of best practice and the Institute of Internal Audit Standards and code of ethics as appropriate;
- presentation of key findings and recommendations to (*recipient to be defined* Group Manager (Internal Audit) and Service Director (Finance, Procurement & Improvement));
- A completed written IAQAF assessment including recommendations.

## **Supplier selection criteria**

Suppliers should set out their responses to the following requirements:

- Confirm your Independence from the internal audit service to be reviewed
- Detail your understanding of internal audit across local government and your experience of working with local councils
- Experience of the proposed team performing the review
- Experience of similar engagements
- Proposed approach to completing the IAQAF
- Detail your ability to deploy an electronic questionnaire
- Indicative timings for planning, execution and reporting
- Detail the proposed pricing structure
- Detail any conflicts or limitations in your ability to perform the EQA.