

## Internal Audit Services Quality Assurance & Improvement Programme

### 1 Introduction

Internal Audit's Quality Assurance Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders (the Board, Senior Management, the External Auditor and Operational Managers etc) that Internal Audit:

- Conforms with the Definition of Internal Auditing, the Code of Ethics and the Standards;
- Has an adequate Internal Audit Activity's Charter, Goals, Objectives, Policies and Procedures;
- Contributes to the organisation's governance, risk management and control processes
- Has complete coverage of the audit universe
- Complies with applicable laws, regulations and other standards that the internal audit activity may be subject to
- Has identified the risks affecting the operation of the internal audit activity itself
- Has an effective continuous improvement activity in place and adopts best practice
- Adds value to improve the organisations operations and contributes the attainment of the organisation's objectives.

The Chief Audit Executive (CAE) is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consultancy. The QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least once every five years.

The QAIP is reviewed on an annual basis.

### 2 Internal Assessments

Internal Assessments are made up of both ongoing reviews and periodic reviews.

#### Ongoing reviews

Ongoing reviews provide assurance that the processes in place are working effectively to ensure that quality is delivered on an audit by audit basis. This includes continuous monitoring of:

- Engagement planning and supervision (preapproval of the audit scope, innovative best practices, budgeted hours, and assigned staff),
- Standard working practices (including working paper procedures, sign off, report review, checklists to ensure that the audit process has been followed)
- Feedback from other clients and stakeholders
- Analysing performance metrics to measure audit plan completion and stakeholder value.

#### Periodic reviews

Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, Definition of Internal Auditing, the Code of Ethics, the quality of the audit work and supervision, policies and procedures supporting the internal audit activity, the added value to the organisation and the achievement of performance standards.

Periodic assessments will be conducted through:

- Working paper reviews for conformance to the definition of Internal Auditing, the Code of Ethics, the Standards, and internal audit policies and procedures
- Self-assessment of the internal audit activity with objectives established as part of the QAIP components – Governance, Professional Practice and Communication
- Review of internal audit performance measures and benchmarking of best practices. Periodic activity and performance reporting to the board and other stakeholders as deemed necessary.
- Annual self-review of conformance to the PSIAS.

The periodic self assessment should identify the quality of ongoing performance and opportunities for improvement and to check and validate the objectives and criteria used in the QAIP. The self assessment will be completed on an annual basis and the results reported to the Board and Senior Management.

### **3 External Assessment**

The External Assessment will consist of a broad scope of coverage that includes the following:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and Internal Audit's Charter, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements
- Expectations of Internal Audit as expressed by the Board and Senior Management
- Integration of the Internal Audit activity into the governance process
- The mix of staff knowledge, experiences, and disciplines, including use of tools and techniques, and process improvements
- A determination whether Internal Audit adds value and improves the Council's operations.

An external assessment will be conducted every five years by a qualified, independent assessor from outside the Council. The assessment will be in the form of a full external assessment, or a self-assessment with independent external validation. The format of the external assessment will be agreed with the Board.

### **4 Assessment Scale**

The scale to assess the level of conformance of the Internal Audit activity with the standards is as follows:

Generally Conforms/Partially Conforms/Does Not Conform  
(IIA Quality Assessment Manual Scale)

### **5 Reporting on the Quality Program**

Internal Assessments – reported to the Board and Senior Management on an annual basis. The internal assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.

External Assessments – reported to the Board and Senior Management. The external assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.

Follow up – The CAE will implement appropriate follow up actions to ensure that recommendations made in the reports and action plans developed are implemented in a reasonable timeframe.

<b>Quality Assurance &amp; Improvement Programme</b>			
<b>Ongoing Monitoring of Performance</b>			
<b>Activity</b>	<b>Frequency</b>	<b>Responsibility</b>	<b>Reporting</b>
Review of the audit universe to ensure complete	Annual	Head of Internal Audit Services	N/A
Identification of risks affecting the operation of the Internal Audit Service	Quarterly	Head of Internal Audit Services	N/A
Review of audit engagements	Each engagement	Head of Internal Audit Services/Principal Auditor	N/A
Progress against the audit plan	Monthly	Head of Internal Audit Services/Principal Auditor	Quarterly report to Audit & Governance Committee
Progress against Key Performance Indicators	Quarterly	Head of Internal Audit Services	Quarterly report to Audit & Governance Committee
Discuss performance of internal audit activity	Monthly	Head of Internal Audit Services and Executive Director Corporate Services	Annual report to Audit & Governance Committee
Customer survey/questionnaire	For each engagement	Principal Auditor	Annual report to Audit & Governance Committee
Review of Internal Audit Charter, goals, policies & procedures	Annual	Head of Internal Audit Services	Annual report to Audit & Governance Committee
Personal Development Review	Annual	Appropriate line manager	Documentation to HR
Continuous improvement activity and adoption of best practice	Continuous	Head of Internal Audit Services/Principal Auditor	Annual report to the Audit & Governance Committee
Identification of added value to the authority's operations	Continuous	Head of Internal Audit Services/Principal Auditor	Annual report to the Audit & Governance Committee

<b>Periodic Self Assessments</b>			
Self assessment against the Public Sector Internal Audit Standards (PSIAS)	Annual	Head of Internal Audit Services	Annual report to the Audit & Governance Committee
Compliance with applicable laws, regulations and other standards that the Internal Audit activity may be subject to	Continuous review	Head of Internal Audit Services	Report to Audit & Governance Committee when applicable
Benchmarking review of Internal Audit Services	Every 3 years	Head of Internal Audit Services	Report to Audit & Governance Committee
<b>External Assessments</b>			
Assessment against the PSIAS	Every 5 years	Head of Internal Audit Services and external reviewer	Report to the Audit & Governance Committee