

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

22 SEPTEMBER 2015

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| SUBJECT: | INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME |
| WARD/S AFFECTED: | ALL |
| REPORT OF: | CHIEF INTERNAL AUDITOR |
| KEY DECISION ? | NO |

1.0 EXECUTIVE SUMMARY

1.1. The purpose of this report is to seek agreement of the Members of the Audit and Risk Management Committee in respect of the monitoring and reporting arrangements detailed in the attached Wirral Council Internal Audit Services Quality Assurance and improvement Programme.

2.0 BACKGROUND AND AUDIT OUTPUT

2.1 The Public Sector Internal Audit Standards (PSIAS) require that the Head of Internal Audit develops and maintains a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity.

2.2. The purpose of the QAIP is to provide reasonable assurance that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the PSIAS definition of Internal Auditing and Code of Ethics;
- Operates in an effective and efficient manner; and
- Is perceived by Stakeholders as adding value and improving Internal Audit's operations.

2.3. Internal Audit's QAIP has been developed in accordance with PSIAS Standard 1300 (Quality Assurance and Improvement Programme). It documents the approach that is taken in respect of the following:

- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner (Ref: 1300);
- Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics (Ref: 1300);
- Helping the Internal Audit activity add value and improve organisational operations (Ref: 1300);
- Undertaking both periodic and on-going internal assessments (Ref: 1311); and
- Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit and Risk Management Committee in accordance with Standard 1312 and 1320.

2.4. The QAIP outlines measures which are applied to ensure that Internal Audit continues to operate effectively and efficiently and identifies and responds to opportunities for improvement. These measures are detailed below:

- An internal quality control checklist;
- Customer Questionnaires and Annual Performance Evaluation Feedback Forms designed to obtain client feedback, the outcome of which facilitates effective monitoring of the internal audit activity and enables opportunities for improvement to be identified; and
- An Auditor Skills Appraisal Assessment system developed and implemented during 2015/16 that incorporates elaborate post audit assessments to identify improvement areas and any training/development needs;
- Internal performance targets that are monitored and regularly reported to the Audit and Risk Management Committee.

2.5. Full details of each of these performance monitoring measures are appended to the attached QAIP.

2.6. PSIAS Standard 1320 requires that the form and content of the QAIP should be established through communication with the 'Board' (Audit & Risk Management Committee).

3.0 RELEVANT RISKS

3.1 Potential failure of the Internal Audit Service to comply with the mandatory Public Sector Internal Audit Standards by not effectively evaluating its performance and making necessary improvements to ensure continued added value.

3.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options considered.

5.0 CONSULTATION

5.1 Members of this Committee have been regularly consulted throughout the process via regular routine report updates.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are none arising from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATIONS

12.1 Agree and endorse the monitoring and reporting arrangements outlined in the Wirral Council Internal Audit Quality Assurance and Improvement Programme.

13.0 REASON FOR RECOMMENDATION

13.1 To provide the Members with assurance that the Council is taking appropriate measures to comply with statutory requirements to provide an adequate and effective internal audit service.

13.2 To ensure that risks to the Council are managed effectively.

13.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

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APPENDICES

Appendix 1: Internal Audit Services Quality Assurance & Improvement Programme

REFERENCE MATERIAL

Public Sector Internal Audit Standards

SUBJECT HISTORY (last 3 years)

| Council Meeting | Date |
|-------------------------------------|--|
| Audit and Risk Management Committee | Regular PSIAS updates presented to meetings of this Committee. |