



## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**MON 27 SEPTEMBER 2021**

<b>REPORT TITLE:</b>	<b>INTERNAL AUDIT POLICIES AND PROCEDURES</b>
<b>REPORT OF:</b>	<b>CHIEF INTERNAL AUDITOR</b>

### **REPORT SUMMARY**

To ensure continued compliance with the Public Sector Internal Audit Standards (PSIAS) the Internal Audit Charter, Strategy and Quality Assurance Improvement Programme have been reviewed and updated to ensure that the documents continue to comply with the revised best practice standards.

The updated Internal Audit Charter and Strategy and Quality Assurance & Improvement Programme are attached at Appendices 1, 2 and 3.

### **RECOMMENDATION**

The Audit and Risk Management Committee is recommended to note the revised Internal Audit Charter and Strategy and Quality Assurance Improvement Programme.

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION**

- 1.1 To provide the Members with assurance that the Internal Audit service is taking appropriate measures to comply with statutory requirements.
- 1.2 To ensure that the Internal Audit Charter, Strategy and Quality Assurance Improvement Programme are up to date and comply with the PSIAS.
- 1.3 To ensure that the Internal Audit Charter and Strategy and Quality Assurance Improvement Programme are available to all Members, Officers' and Partners by continuing to be included on the Council Intranet site.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 No other options considered appropriate as there is a requirement for the Internal Audit Service to ensure compliance with the PSIAS.

### **3.0 BACKGROUND AND AUDIT OUTPUT**

- 3.1 The PSIAS were adopted by Relevant Internal Audit Standard Setters (RIASS), which includes representatives from all Governments covering England, Scotland, Ireland and Wales; the Health Sector and the Chartered Institute of Public Finance and Accountancy (CIPFA), in respect of Local Government across the UK.
- 3.2 The standards are based on the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF), and are intended to promote ongoing improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 3.3 The standards reaffirm the importance of robust, independent and objective internal audit arrangements, to provide senior management with the key assurances they need to support them both in managing the organisation and in producing the Annual Governance Statement.
- 3.4 The Internal Audit Charter and Strategy establishes the purpose, authority and responsibilities for the Internal Audit Service for Wirral Council and establishes internal audits position within the Council, including:
  - Reporting lines and access to records,
  - Personnel and physical property relevant to the performance of audit work,
  - Arrangements for the appointment of the Chief Internal Auditor and internal audit staff,
  - The nature of professionalism, skills and experience required; and, reporting lines and access to records,
  - The scope of Internal Audit activities.
- 3.5 The PSIAS also requires that the Chief Internal Auditor develops and maintains a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity.

- 3.6 The purpose of the QAIP is to provide reasonable assurance that the Internal Audit Service:
- 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.
- 3.7 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.
- 3.8 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 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.
- 3.9 The Chief Internal Auditor periodically reviews the Charter and Strategy and QAIP and presents them to the Audit and Risk Management Committee.
- 3.10 The Internal Audit Charter and Strategy and QAIP have been comprehensively reviewed and updated to ensure that they comply fully with the revised PSIAS and copies are attached at Appendices 1, 2 and 3.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are none arising from this report.

## **5.0 LEGAL IMPLICATIONS**

5.1 The Internal Audit Service is required to comply with the PSIAS which sets out the work of the internal auditor and the expectations placed upon them in auditing local government bodies.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 There is none arising from this report.

## **7.0 RELEVANT RISKS**

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

7.2 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.

7.3 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.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 Members of this Committee are consulted throughout the process.

## **9.0 EQUALITY IMPLICATIONS**

9.1 There are none arising from this report.

## **10. ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of CO2/greenhouse gases.

## **11. COMMUNITY WEALTH IMPLICATIONS**

11.1 There are none arising directly from this report.

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## **APPENDICES**

Appendix 1: Internal Audit Charter  
Appendix 2: Internal Audit Strategy  
Appendix 3: Quality Assurance Improvement Programme

## **BACKGROUND PAPERS**

Public Sector Internal Audit Standards

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit and Risk Management Committee	Report presented periodically to meetings of this Committee following legislative/best practice changes.