



Audit and Risk Management Committee
Monday, 23 September 2019

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| REPORT TITLE: | INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME |
| REPORT OF: | CHIEF INTERNAL AUDITOR |

REPORT SUMMARY

The purpose of this report is to advise Members of the Audit and Risk Management Committee of the continued utilisation by the Internal Audit Service of a comprehensive quality assurance and improvement programme developed to comply with the requirements of the Public Sector Internal Auditing Standards and to inform them of the outcome of the annual self-assessment exercise undertaken by the service against this.

RECOMMENDATION

Members note the report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION/S

- 1.1 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 in accordance with the Public Sector Internal Auditing Standards.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND INFORMATION

- 3.1 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.

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.

- 3.2 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.

A copy of the QAIP for the Internal Audit Service is attached at Appendix 1.

3.3 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.

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

3.5 PSIAS Standard 1320 requires that the form and content of the QAIP should be established through communication with the 'Board' (Audit & Risk Management Committee). Committee approved the QAIP in 2015/16 and subsequent annual updates thereafter.

3.6 Internal Audit undertakes a self-assessment review of its activities against the QAIP annually to ensure that service continues to comply with all aspects of the programme and informs this Committee of the outcome. The findings and outcome of the recent exercise is attached at Appendix 2 and details the actions currently undertaken by the service to ensure continued compliance. It is pleasing to note that the service continues to comply with all aspects of the programme.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are 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 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 have been regularly consulted throughout the process via regular routine report updates.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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APPENDICES

Appendix 1: Internal Audit Services Quality Assurance & Improvement Programme
Appendix 2: Internal Audit Service – Quality Assurance & Improvement Review

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. |