

# WIRRAL INTERNAL AUDIT SERVICE

## QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

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**Chief Internal Auditor**

**Version 1.0**

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## **1. Introduction**

- 1.1 Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit:
- Performs its work in accordance with its Charter, which is consistent with The Public Sector Internal Audit Standards' (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.
- 1.2 Internal Audit's QAIP covers all aspects of the Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:
- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner (1300);
  - Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics (1300);
  - Helping the Internal Audit activity add value and improve organisational operations (1300);
  - Undertaking both periodic and on-going internal assessments (1311); and
  - Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit & Risk Management Committee in accordance with Standard 1312 and 1320.
- 1.3 The Chief Internal Auditor is ultimately responsible for the QAIP, which covers all types of Internal Audit activities.

## **2. Internal Assessments**

2.1 In accordance with PSIAS Standard 1300, internal assessments are undertaken through both on-going and periodic reviews.

### **On-going Reviews**

2.2 Continual assessments are conducted through:

- Management supervision of all engagements;
- Structured, documented review of working papers and draft reports by Internal Audit management;
- Audit Policies and Procedures used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards;
- Comprehensive Internal Quality Reviews of audit processes including report findings, conclusions and working papers undertaken prior to completion of all audits. Control Checklist completed to ensure consistency of reporting and reduce administrative error (Appendix A);
- Feedback from audit clients obtained through completion of Customer Questionnaires at the closure of each engagement (Appendix B);
- Auditor Skills Appraisal Assessments undertaken following completion of audit assignments designed to evaluate an individual's performance against PSIAS best practice and the CIPFA Guidance document "The Excellent Internal Auditor" to identify areas of good practice and any development/improvement opportunities (Appendix C).
- Monitoring of internal performance targets (Appendix D) and quarterly outturn reporting to Audit & Risk Management Committee;
- Review and approval of all final reports, recommendations and levels of assurance by the Chief internal Auditor or Audit Manager; and
- Regular team briefings attended by all members of the Internal Audit team and chaired by the Chief Internal Auditor;

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### Periodic Reviews

- 2.3 Periodic assessments are designed to assess conformance with Internal Audit's Charter, the PSIAS' Definition of Internal Auditing, the Code of Ethics, and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Periodic assessments are conducted through:
- Quarterly Internal Audit Update Reports, presented to the Audit & Risk Management Committee;
  - Annual performance evaluation form to all Chief Officers/Heads of Directorates (Appendix E);
  - Annual risk assessments, in accordance with the Internal Audit Strategy, for the purposes of annual audit planning;
  - Annual review of the effectiveness of Internal Audit, undertaken by the Chief Internal Auditor culminating in the identification of actions for development and improvement and reported via the Chief Internal Auditors Annual Report;
  - Annual review of compliance against the requirements of this Quality Assurance & Improvement Programme, the results of which are reported to Senior Leadership Team and the Audit & Risk Management Committee via the Chief Internal Auditors Report;
  - Feedback from the Chief Executive, Section 151 Officer and Chair of the Audit & Risk Management Committee to inform the annual appraisal of the Chief Internal Auditor, in accordance with Standard 1100;
  - Periodic Skills and Competency appraisal conducted for each Internal Auditor based on the principles of the CIPFA Guidance document "The Excellent Internal Auditor" (2010) to inform the appraisal process (Post Audit Assessment).
- 2.4 Improvement/development actions arising from assessments will be reported to the Audit & Risk Management Committee. The Chief Internal Auditor will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.
- 2.5 Any significant areas of non-compliance with the PSIAS that are identified through internal assessment will be reported in the Chief Internal Auditors Annual Report and used to inform the Annual Governance Statement (AGS).

## **3. External Assessments**

3.1 External assessments will appraise and express an opinion about internal audit's conformance with the PSIAS' Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

### **Frequency of External Assessment**

3.2 An external assessment will be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the External Assessment will be endorsed by the Audit & Risk Management Committee.

### **Scope of External Assessment**

3.3 The external assessment will consist of broad scope of coverage that includes the following elements of Internal Audit activity:

- 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;
- Integration of the Internal Audit activity into Wirral's governance framework, including the audit relationship between and among the key groups involved in the process;
- Tools and techniques used by Internal Audit;
- The mix of knowledge, experiences, and disciplines within the staff, including staff focus on process improvement delivered through this Quality Assurance and Improvement programme;
- A determination whether Internal Audit adds value and improves Wirral Council operations.

3.3.1 Results of external assessments will be provided to the Senior Leadership Team and the Audit & Risk Management Committee. The external assessment report will be accompanied by a written action plan in response to significant comments and recommendations identified. Any significant areas of non-compliance will be reported in the Annual Report of the Chief internal Auditor and in the Council's Annual Governance Statement (AGS).

## 4. Review of the QAIP

These documents will be appropriately updated following any changes to the PSIAS or internal audit's operating environment and will be reviewed at least on an annual basis.

### APPENDIX A

### CONTINUOUS/FINAL QUALITY REVIEW RECORD (Item 4)

**Audit Assignment:** .....

Gateway	Review Comments	Action Undertaken	Date	Outcome Agreed	Date
Letter of Engagement					
Risk and Control Evaluation  Agreed Testing Approach					
Risk and Control Evaluation  Findings / Recom.					
Subsections if applicable  (as agreed on the Assignment Sheet, e.g. RCE risks, expected controls, findings)					
Draft Report:  Any other key areas as agreed on the Assignment Sheet:					

Quality Reviewed by: .....

Date .....

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**'AUDIT REPORT' - QUALITY CONTROL CHECKLIST**

**Report Title:** .....

<b>Cover</b>	
Report title, Draft issue date and Distribution details including relevant officer's names / job titles have been completed.	<input type="checkbox"/>
<b>Contents</b>	
Headings and sub-headings match those in the body of the report	<input type="checkbox"/>
Page numbers are correct	<input type="checkbox"/>
Report title has been added to the footer	<input type="checkbox"/>
<b>Executive Summary</b>	
Appropriate length	<input type="checkbox"/>
No "....." or "£XXXX" remain from the template	<input type="checkbox"/>
Assurance opinion is provided, is relative to the risk and agreed with client	<input type="checkbox"/>
Correct no of recommendations and appropriate priority rating identified	<input type="checkbox"/>
Highlighted instructions have been removed	<input type="checkbox"/>
<b>Report Headings</b>	
Correctly Identified	<input type="checkbox"/>
All relevant detail included and numbered correctly	<input type="checkbox"/>
<b>Review of Effectiveness</b>	
Appropriately summarised, supported by evidence obtained and numbered correctly	<input type="checkbox"/>
<b>Areas of Good Practice</b>	
Appropriate, balanced and correctly annotated and numbered	<input type="checkbox"/>
<b>Findings &amp; Recommendations</b>	
Numbering within sections is consecutive	<input type="checkbox"/>
Recommendation(s) edited to correctly reflect number of recommendations made.	<input type="checkbox"/>
Priority levels included and correct	<input type="checkbox"/>
<b>Action Plan</b>	
Recommendations are identical to those in the "Findings & Recommendations" section	<input type="checkbox"/>
<b>Appendix</b>	
Customer Feedback form included	<input type="checkbox"/>
<b>General</b>	
Bullet style used is consistent throughout report and aligned with text: <ul style="list-style-type: none"> <li>• <i>Example</i></li> </ul>	<input type="checkbox"/>



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Bulleted lists formatted: <ul style="list-style-type: none"> <li>• item a;</li> <li>• item b; and</li> <li>• item c.</li> </ul>	<input type="checkbox"/>
Text is justified correctly and tables are aligned to text/page margins	<input type="checkbox"/>
<b>Final Reports</b>	
Ensure the draft watermark has been removed	<input type="checkbox"/>
Cover: Final issue date and additional Distribution details including relevant officer's names / job titles have been completed and report authors etc identified.	<input type="checkbox"/>
<b>Working Papers</b>	
All working papers completed, signed and dated	<input type="checkbox"/>
Quality Review Record (Item 4) included/completed	<input type="checkbox"/>
Post Audit Assessment scheduled/completed	<input type="checkbox"/>
All Relevant Quality Checks identified completed	<input type="checkbox"/>

Checked by (Auditor):	
Date:	

Final checked by (Manager):	
All issues identified recorded on Item 4	<input type="checkbox"/>
Date:	

**APPENDIX B**

**9. Customer Feedback**

To help us to improve the service we deliver, it is important that you provide us with regular feedback. Therefore, please complete the following:

<b>How satisfied were you with the overall service received from Internal Audit?</b>								
<b>Please Indicate</b>	<b>Very Satisfied</b>		<b>Satisfied</b>		<b>Dissatisfied</b>		<b>Very Dissatisfied</b>	
<i>Please explain your answer</i>								

If you would like to discuss any issues regarding this audit, please contact the Chief Internal Auditor.

Completed by: ..... Signed: ..... Date: .....

## APPENDIX C

### AUDITOR SKILLS APPRAISAL SYSTEM

#### POST-AUDIT ASSESSMENT

##### **Guidance for Completion**

This assessment should be completed and discussed by the auditor and the manager within one week of the completion of the audit review and sending of the audit report. A copy of the completed document should be forwarded to the Chief Internal Auditor.

**The process should take no more than one hour in total.**

The audit details should be completed, and details of any variances of hours spent on the audit, and any other relevant comments or contextual information included.

The form records the appraisal of the auditor's competence (in relation to the named audit) in each of the skills listed. The auditor and the manager complete their respective columns, utilising an assessment of 1 to 3 (in relation to their post level):

1 = Not meeting expectations

2 = Meeting expectations

3 = Exceeding expectations

The auditor and manager should hold a brief meeting to discuss their assessments, and agree a set of scores which should be recorded on the form. The "comments" column can be used to give any further details necessary to explain the assessment.

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The auditor’s development should then be discussed in light of their objectives and planned development opportunities as recorded on the Development Plan. The Development Plan should be updated to record the positive performance and progress evident during the audit, and any additional objectives or development opportunities required.

Please refer to the “Auditor Skills Framework - Explanatory Note” for further details.

**Audit Details**

Auditor name:.....

Manager name:.....

Audit Title	Start date (date of first hours used by auditor)	End Date (date of final report issue)	Budget Hours (for auditor being assessed)	Actual hours (for auditor being assessed)	Reasons for variances:  - budget hours exceeded - final report not issued in accordance with dates given in the Terms of Reference	Level of difficulty of this audit for an auditor of this post level (delete as appropriate)
						1. Routine 2. Challenging 3. Significantly Challenging

**Any other relevant comments/contextual information**

**Appraisal of Skills**

1 = Not meeting expectations      2 = Meeting expectations

3 = Exceeding expectations

In relation to the named audit, how did the auditor perform in comparison with the expectations of their post:	Auditor Score	Manager Score	Agreed Score	Comments
<b>BEHAVIOURAL</b>				

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In relation to the named audit, how did the auditor perform in comparison with the expectations of their post:	Auditor Score	Manager Score	Agreed Score	Comments
1. Negotiating – successfully achieved win/win outcomes.				
2. Influencing – successfully and persuasively conveyed a point of view.				
3. Communication – raised the level of mutual understanding.				
4. Assertiveness – interacted with others in a positive and confident manner.				
5. Enthusiasm and initiative – was self-motivated and proactive.				
6. Team work – worked with others to achieve a common goal.				
7. Professionalism – presented self and function in a professional manner.				
<b>TECHNICAL</b>				
1. Audit methodology and scope – defined the scope of the audit.				
2. Analytical review – applied appropriate techniques and evaluated results.				
3. Testing – identified key controls and defined testing accordingly.				
4. Interviewing and questioning – extracted information effectively, using appropriate skills.				
5. Sampling – selected suitable samples from appropriate sources.				
6. IT Skills – used appropriate IT throughout audit.				

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In relation to the named audit, how did the auditor perform in comparison with the expectations of their post:	Auditor Score	Manager Score	Agreed Score	Comments
7. Specialist Skills - used appropriate skills and knowledge in audit work.				
<b>MANAGEMENT</b>				
1. Performance management – produced high quality output to meet deadlines.				
2. People management – encouraged development of self and others.				
3. Leadership – encouraged and motivated others.				

**Sign and date:**

Auditor:..... Date:.....

Manager:..... Date:.....

Copy to the Chief Internal Auditor and Audit Manager

**INTERNAL AUDIT – PERFORMANCE TARGETS**

**AP  
PE  
NDI  
XD**

CATEGORY	DESCRIPTION	NARRATIVE	HOW IT'S MEASURED	TARGET
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<b>COMPLIANCE</b>	<b>PSIAS Compliance</b>	<b>Level of compliance with requirements of PSIAS / LGAN<sup>1</sup></b>	<b>PSIAS Annual Self-Assessment External Assessment (5 yearly)</b>	<b>100%</b>
<b>PRODUCTIVITY</b>	<b>Audit days utilised</b>	<b>Number of audit reviews completed within planned days allocated</b>	<b>APACE audit time recording / Performance Spreadsheet management system</b>	<b>&gt;90%</b>
<b>PRODUCTIVITY</b>	<b>Audit days utilised/audit turnaround</b>	<b>Number of audit assignments delivered within ten days of completion of fieldwork</b>	<b>APACE audit time recording / Performance Spreadsheet management system</b>	<b>&gt;95%</b>
<b>OUTPUTS</b>	<b>Audit coverage</b>	<b>%age of Audit Plan completed</b>	<b>APACE audit time recording / Performance Spreadsheet management system</b>	<b>&gt;90%</b>
<b>OUTPUTS</b>	<b>Planned Audits completed</b>	<b>%age of planned audit reviews completed</b>	<b>APACE audit time recording / Performance Spreadsheet management system</b>	<b>&gt;90%</b>
<b>QUALITY</b>	<b>Client Satisfaction</b>	<b>%age of Post Audit Customer Feedback Questionnaires in which management have responded as “Very Satisfied” or “Satisfied” with quality of audit</b>	<b>Post Audit Questionnaire</b>	<b>100%</b>

<sup>1</sup> Public Sector Internal Audit Standards (PSIAS) / CIPFA Local Government Application Note (LGAN)



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<b>ADDED VALUE</b>	<b>Management Perception</b>	<b>%age of positive responses in respect of perceived benefits and value of Internal Audit work</b>	<b>Customer Post Audit Feedback Questionnaire</b>  <b>Annual Performance Evaluation Form (Heads of Service)</b>	<b>95%</b>
<b>ADDED VALUE</b>	<b>Corporate Management Satisfaction</b>	<b>%age of High priority recommendations agreed with clients</b>	<b>Returned Audit Action Plans</b>	<b>100%</b>

**APPENDIX E**

**ANNUAL PERFORMANCE EVALUATION FORM**

<b>Directorate</b>	
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A number of performance indicators have been adopted by Internal Audit and one of the most important of these is your view of the service you receive.

Please spare the time to complete and return this survey.

Your responses will help Internal Audit to develop and maintain high levels of service.

<b>Are you satisfied that:</b>
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Internal Audit is proactive in ensuring its role and objectives are understood	Click to respond
Internal Audit exhibits a good understanding of the Council's objectives	Click to respond
There are clear and effective lines of communication between Internal Audit and yourself	Click to respond
Internal Audit Reports are a valuable management tool	Click to respond
Internal Audit can be relied upon to provide objective and independent advice	Click to respond
Internal Audit staff respect confidentiality	Click to respond

<b>Please add any additional comments and/or suggestions</b>
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Name	
Position	
Date	

Thank you for your time in completing this survey.

Please return to: Mark Niblock, Chief Internal Auditor