



**QUALITY ASSURANCE &  
IMPROVEMENT PROGRAMME**

**April 2022**



WORKING TOGETHER

## **INTRODUCTION**

The PSIAS require the Chief Audit Executive to develop and maintain a Quality Assurance and Improvement Programme (QAIP) to enable the internal audit activity to be assessed against the PSIAS (i.e. Definition of Internal Auditing, the Code of Ethics and the Standards themselves) for conformance.

The Accounts and Audit Regulations 2015 require a relevant authority to conduct a review each financial year of the effectiveness of the system of internal control. Since Internal Audit is a significant component of internal control, it is appropriate for an annual review to be conducted of the effectiveness of internal audit.

The PSIAS require that the QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical whilst external assessments must be undertaken at least once every five years.

### **Internal Assessments:**

#### Ongoing Assessment

This requires the CAE to establish policies and procedures to guide staff in the conduct of their duties to ensure they conform to the PSIAS. This is achieved in the following ways:

- The Quality System includes procedures which are maintained by the Chief Audit Executive to provide staff with detailed information regarding the various elements of the audit process. This is contained on the Shared Drive.
- The Quality system and associated documents not only explains about the audit process but also the way in which the Shared Internal Audit Service conducts itself, how work is recorded using an electronic record management system for evidencing and recording audit work and maintaining audit files.
- These policies and procedures are updated on an ongoing basis through the issue of update messages to the staff with the content being updated within the Quality system.
- The Quality system contains references to the audit planning process and how the annual audit plan is produced and approved by Governance Committee. Once approved, the CAE then allocates the plan amongst the auditors. This is usually based on a combination of factors; namely familiarity with the audit activity, the auditor has some existing knowledge of the service. However, the CAE has to be aware of other factors here:
  - over familiarity with the service which may lead to complacency
  - the need to provide audit staff with variety in their work
  - the need to ensure the audit work is commensurate with the skills and experience and competence of the auditor concerned
- The CAE ensures that the audit review has been undertaken in accordance with the Quality system and that all necessary aspects of the audit have been

carried out and the findings and conclusions within the report are supported by appropriate evidence.

- A review process in which the CAE / Senior Auditor considers the audit working papers and report and raises any queries with the auditor carrying out the review.
- Satisfaction Surveys (Assignment level) are issued with the Final Audit report and are issued to the lead contact. These seek feedback about various aspects of the audit, the auditor's approach and the usefulness of the audit.
- A set of Performance Indicators designed to give an indication of the success in the delivery of the service. The following indicators are maintained:

Performance Indicator	Target
% of planned time used	90%
% audit plan completed	90%
% satisfaction rating (assignment level)	90%
% of agreed actions implemented by management	90%

## Service Development.

The Shared Internal Audit Service develops through various means including:

- Institute of Internal Auditors – information is regularly received by email of relevant courses put forward by the IIA.
- North West and North Wales Regional Audit Group events – seminars and weekend events designed to keep auditors up to date and identify potential improvements
- Other courses – short courses offered by a range of training providers.

In addition, on an annual basis, a Business Plan is compiled and approved. This contains individual projects to improve the Internal Audit Service and progress against these is monitored through the year.

## Internal Performance Reviews.

The Shared Internal Audit Service complies with the corporate management performance framework. This comprises of the automated performance review process, three times per annum and regular meetings (121s) with their immediate line manager.

## Periodic Assessment

The periodic assessment is in the form of a PSIAS self-assessment which is completed annually by the CAE. This is challenged internally by the Corporate Governance Group. Following this, the self-assessment is reported to Governance Committee in May who are asked to note the results as part of the Committee's consideration of the system of internal control (Ref: Accounts and Audit Regulations 2015). The conclusion regarding conformance with the Standards then forms part of the authority's Annual Governance Statement.

Any significant areas of non-compliance with the PSIAS that are identified through the self-assessment will be reported in the Annual Report and used to inform the Annual Governance Statement.

## External Assessments

The requirement for an external assessment to be carried out at least once every five years can be satisfied by either arranging for a full external assessment, carried out by a person(s) from outside the organisation, or a self-assessment with external validation.

## Approach

In March 2014, the Governance Committee confirmed that the approach to be taken for the external assessment would be a **self-assessment with external validation** using a Peer Review approach amongst the Lancashire districts.

The Lancashire districts have appointed a Subgroup to determine the exact approach to be adopted and they have developed a Memorandum of Understanding setting out the approach together with a draft format of a report. A timetable has been developed for those authorities who have agreed to participate, leading up to March 2023 by when all reviews must be completed in order to meet the five year requirement.

## Scope of the Assessment

The external validation will consist of a broad scope of coverage primarily designed to assess the extent of conformance with the Standards. This will be determined through an examination of a range of documentation including the Internal Audit Charter, the Audit Plan, its policies, procedures and practices.

The assessment will also comprise completion of a questionnaire and short interviews with key officers within the council, designed to assess the quality of relationship that internal audit has with its customers. In other words, the review will look beyond the simple checklist approach seek to identify the extent to which internal audit adds value to the organisation.

The outcome of the review will be a written report containing an action plan in response to any significant comments and recommendations that may be identified.

Any significant areas of non-compliance with the PSIAS that are identified through the self-assessment will be reported in the Annual Report and used to inform the Annual Governance Statement.