



**Internal Audit Quality Assurance
and Improvement Programme
(QAIP)**

Internal Audit Quality Assurance and Improvement Programme (QAIP)

Blaenau Gwent County Borough Council

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1. Introduction

- 1.1. The Public Sector Internal Audit Standards (PSIAS) came into force from 1st April 2013 and have been revised periodically thereafter, most recently in 2019. The standards apply the Institute of Internal Auditors' (IIA) International Standards to the UK public sector. The Authority therefore has a duty to meet the requirements of the PSIAS through its work.
- 1.2. The PSIAS refer to the following terms and require that they are defined. Listed below are the three terms referred to in the standards, along with the officer / body that undertakes the role on behalf of Blaenau Gwent County Borough Council.
- *Chief Audit Executive* – Audit and Risk Manager,
 - *The Board* – Governance and Audit Committee,
 - *Senior Management* – Corporate Leadership Team.
- 1.3. The PSIAS includes mandatory Performance and Attribute Standards that the Authority is required to meet. Performance Standards describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured whilst Attribute Standards address the attributes of an organisation and individuals performing internal auditing.
- 1.4. Attribute standard 1300 relates specifically to a Quality Assurance and Improvement Programme (QAIP). It directs the Authority that:

'The Chief Audit Executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.'

2. Purpose of the Programme

- 2.1. Internal Audit's QAIP is designed to provide assurance that Internal Audit:
- Performs its work in accordance with its own Charter,
 - Operates in an efficient and effective manner,
 - Is adding value and continually improving its operations.
- 2.2. Internal Audit's QAIP will therefore cover all aspects of the Internal Audit activity. In particular, it will meet and cover the following activities and Standards:
- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner (Attribute Standard 1300),
 - Assuring compliance with the Standards, and Code of Ethics (Attribute Standard 1300),
 - Helping the Internal Audit activity add value and improve organisational operations (Attribute Standard 1300),
 - Include both periodic and on-going internal assessments (Attribute Standard 1311),

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- Include an external assessment at least once every five years, the results of which are communicated to the Board (Attribute standards 1312, 1320).
- 2.3. Internal assessments must include on-going monitoring of the performance of the internal audit activity. This is part of the day-to-day supervision, review and measurement of the internal audit activity. On-going monitoring is incorporated into the routine practices used to manage the internal audit activity and uses processes, tools and information considered necessary to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards.
- 2.4. External assessments must be undertaken at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

3. Internal Assessment

Internal Assessment is made up of on-going reviews, periodic reviews and annual reviews:

3.1. On-going reviews

3.1.1. Blaenau Gwent Internal Audit maintains appropriate on-going quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with the PSIAS. These arrangements include:

3.1.2. Audit Level

- The maintenance of a detailed audit flowchart and quality management system to ensure compliance with applicable planning, fieldwork and reporting standards.
- The objectives, scope and expected timescales for each audit assignment subject to agreement with the client before detailed work commences;
- The results of all audit testing work documented using appropriate working papers;
- Documented review of working papers by the Professional Lead – Internal Audit or the Audit and Risk Manager and sign-off of each stage of the audit process to ensure that:
 - All work undertaken complies with the requirements of professional best practice and appropriate audit techniques have been used;
 - Audit files are complete and properly structured;
 - The objectives of the audit have been achieved;
 - Appropriate levels of testing have been carried out;
 - The findings and conclusions are sound and are demonstrably supported by relevant, reliable and sufficient audit evidence
 - The final audit report is complete, accurate, objective, clear, concise, constructive and timely.
- Regular 1:2:1 meetings to monitor progress with audit assignments in addition to corporate elements such as capability, competence and training needs.
- Customer satisfaction phone calls are undertaken by the Professional Lead – Internal Audit or the Audit and Risk Manager following each final audit report to obtain

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feedback on the performance of the auditor and on how the audit was received and if value was added.

- Final reports and identified weaknesses are reviewed and approved by the Audit and Risk Manager.

The results of the on-going quality assurance arrangements at an assignment level are reported in the regular progress reports and annual report to the Governance and Audit Committee.

3.1.3. Annual Activity

- The Internal Audit annual plan is produced using a risk based approach,
- The Internal Audit Charter provides stakeholders with a formally defined purpose, authority and responsibility of the Internal Audit activity as well as formalising the Code of Ethics for members of the Internal Audit Team,
- Continuous development of the Internal Audit Team to ensure it possesses the necessary capacity, skills and knowledge to successfully deliver the annual audit plan including:
 - Job descriptions and detailed competency profiles for each internal audit post;
 - Annual performance appraisals with individual development plans;
 - Training courses with documented training records;
 - Active encouragement of Continuing Professional Development (CPD) within the Section. In addition, as the majority of staff are professionally qualified/training, there is a personal requirement to undertake CPD in-line with their specific qualifications, on an on-going basis,
- Performance against agreed quality targets reported to Governance and Audit Committee on a quarterly basis.

3.2. Periodic Reviews

3.2.1. Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, 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:

- Regular activity and performance reporting to the Governance and Audit Committee and Section 151 Officer,
- Quarterly progress reports, presented by the Audit and Risk Manager to Departmental Management Teams,
- Annual self-review of conformance with the Public Sector Internal Audit Standards.

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3.3. Annual Reviews

- 3.3.1. On an annual basis, the Audit and Risk Manager will update the Public Sector Internal Audit Standards (PSIAS) self-assessment checklist to demonstrate conformance with the standards.
- 3.3.2. The results of the PSIAS self-assessment are used to identify any areas requiring further development and/or improvement.
- 3.3.3. The results will also be used to evaluate overall conformance with the PSIAS, the results of which are reported to the Corporate Leadership Team and the Governance and Audit Committee as part of the annual report of the Audit and Risk Manager.

4. External assessment

- 4.1. At least once every five years, internal audit working practices are subject to external assessment to ensure the continued application of professional standards. This process will appraise and express an opinion about internal audit's conformance with the Standards, Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.
- 4.2. The assessment is conducted by an independent and suitably qualified person or organisation and the results are reported to the Audit and Risk Manager. For Blaenau Gwent CBC, a reciprocal approach was agreed with other authorities across Wales.
- 4.3. The most recent external assessment is in progress, the results of which will be reported to the Corporate Leadership Team (including the Section 151 Officer), and the Governance and Audit Committee at the earliest opportunity following receipt of the external assessor's report. The external assessment report will be accompanied by a written action plan in response to any findings and recommendations contained in the report.
- 4.4. The external assessment process consists of a broad scope of coverage that should include – as a minimum - the following elements of Internal Audit activity:
 - Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and Internal Audit's Charter, procedures, plans, practices and any applicable legislative and regulatory requirements;
 - Expectations of Internal Audit as expressed by senior management and operational management;
 - Tools and techniques used by Internal Audit;
 - The mix of knowledge, experiences and disciplines within the team.
 - Whether Internal Audit adds value and improves the organisation's operations.

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5. Reporting on Quality and Improvement Programme

5.1. Internal Assessments

On a regular basis, Internal Audit provides the Governance and Audit Committee with an Internal Audit update report summarising the audit activity undertaken during the period. This includes the following:

- Progress against the annual plan in terms of percentage of audits achieved,
- A schedule of reports issued during the period including details of the opinion provided,
- A summary of the key issues and outcomes from the work undertaken in the period including findings from any reviews reported during the period with 'Limited' or 'No Assurance'.

5.2. External Assessments

Results of external assessments will be provided to the Corporate Leadership Team and the Governance and Audit Committee.

5.3. Performance Information

The Audit and Risk Manager and the Governance and Audit Committee needs to evaluate the effectiveness and efficiency of internal audit operations. In order to do this, a range of measures and indicators have been established which are provided as a quarterly appendix to the monitoring report. The measures concerned follow guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and are designed to appraise the performance and value of internal audit work.

6. Conclusion

- 6.1 Blaenau Gwent CBC's Quality Assurance Improvement Programme brings together its monitoring activities into a formal document that outlines its approach to internal and external assessments. By formalising the processes into an overarching document, Internal Audit demonstrates its compliance with the PSIAS through one approach.
- 6.2 In the future, any alterations to the working practices of the Section will be considered in accordance with the requirements of the PSIAS, with the QAIP updated where required.