

Internal Audit Service

Quality Assurance and Improvement Programme (QAIP)

May 2023



North
Tyneside
Council

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1 Introduction

- 1.1 A Quality Assurance and Improvement Programme (QAIP) enables an evaluation of the internal audit activity's conformance with the Internal Professional Practices Framework (IPPF), Definition of Internal Auditing and Standard 1300 within the Public Sector Internal Audit Standards (PSIAS) 2017 and an evaluation of whether internal auditors apply the Code of Ethics.
- 1.2 The QAIP also assesses the efficiency and effectiveness of the internal audit activity with the primary objective to promote continuous improvement to enable Internal Audit to meet its mission. The mission of internal audit, which is defined in the PSIAS and included in the Authority's Internal Audit Charter, as:

"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight."

- 1.3 PSIAS standard 1310 establishes that the QAIP must include the results of both internal and external assessments.

2 Benefits of a QAIP

- 2.1 The QAIP has been established to provide assurance to internal audit's stakeholders that its service:
- Conforms with the mandatory guidance of the IPPF
 - Has a disciplined risk-based, efficient and effective approach to the internal audit activity
 - Has a credible standing within the organisation
 - Anticipates, meets and exceeds stakeholder expectations
 - Supports, develops and retains good internal auditors
 - Performs its work in accordance with its Charter
 - Adds value to the organisations it serves

3 Internal Assessments

3.1 PSIAS standard 1311 outlines internal assessments requirements which must include:

- Ongoing monitoring of the performance of the internal audit activity
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices

Ongoing Monitoring

3.2 Ongoing monitoring of audit activity is undertaken as a routine part of service delivery and management of the team. Specifically, the requirements of the standard will be met through the activities in the table below.

Ref	Activity
OM1	Standardised working papers and practices to ensure consistency
OM2	Supervision of all audit activity through its lifecycle
OM3	Quality assurance of audit activity including completion of a 'file feedback' form for all main audits. This included assessment of the activity against the following main headings: <ul style="list-style-type: none">○ Technical content and recommendations○ Evidence and factual accuracy○ Disposals (rationale / outcome of a testing area)○ Quality of report / communication○ Time management (budget and delivery date)
OM4	Trend analysis of all 'file feedback' outcomes to identify strengths and development opportunities
OM5	Review of all draft reports by the Chief Internal Auditor or Group Assurance Manager before issue
OM6	Regular 1-2-1 meetings with all auditors to discuss performance including delivery of audit plan work allocated. The meetings are aligned to the corporate Individual Performance Review framework.

OM7	Informal monitoring of delivery of actuals against plan by Chief internal Auditor and Group Assurance Manager
OM8	Feedback sought from clients at the conclusion of each assignment. The feedback is monitored and any poor score or trends acted upon

Periodic Assessment

- 3.3 The service operates to an Internal Audit Charter operates to a Charter that mandates compliance with relevant professional standards and specifically the definition of Internal Auditing, the Code of Ethics and the PSIAS.
- 3.4 Periodic assessments are designed to evaluate conformance with these standards and conducted through the activities in the table below.

Ref:	Activity
PA1	Formal review of actual outturn against the plan twice yearly, interim and final, which is reported to Audit Committee in November and May respectively each year
PA2	Reporting of key outcomes from audit activity to Audit committee twice yearly. These reports contain a summary of findings from audit work, including activity completed, reports issued, opinion levels and risks identified
PA3	Annual review of Audit Charter
PA4	The Chief Internal Auditor will confirm to Audit Committee that Internal Audit is organisationally independent on an annual basis
PA5	Risk assessments will be undertaken annually during audit planning process
PA6	Annual self-assessment of compliance with PSIAS which will be reported to the Audit Committee in the Annual opinion report
PA7	Annual assessment of the QAIP which will be reported to the Audit Committee in the Annual opinion report, and include any issues and improvement action

PA8	Annual declarations of interest form all audit staff including confirmation of understanding conformance of PSIAS and code of ethics it sets out
PA9	Process Review and Performance Group led by the Group Assurance Manager
PA10	Bi-annual staff Individual Performance Reviews
PA11	Feedback from Chief Executive and Chair of Audit Committee will be requested for the Individual Performance Review of the Chief Internal Auditor

4 External Assessments

4.1 PSIAS standard 1312 sets out that external assessment of conformance with the Code of Ethics and PSIAS must be undertaken at least once every five years by a qualified, independent assessor/assessment team from outside the organisation.

4.2 The standard provides that the external assessment may be accomplished through a full external assessment, or a self-assessment with independent external validation. As document in the Audit Charter the Chief Internal Auditor will identify an appropriate sponsor, and discuss and agree with senior management and the Audit Committee:

- The form of external assessment
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

4.3 As required by PSIAS, the results of external assessments will be reported to senior management and the Audit Committee.

5 Communication of QAIP Assessments

5.1 The Chief Internal Auditor is committed to continuous improvement and is responsible implementing the QAIP. However, all Internal Audit staff have a professional responsibility for maintaining quality and will contribute to QAIP.

- 5.2 The results of QAIP assessments will be reported by the Chief Internal Auditor to senior management and the Audit Committee as appropriate:

Internal Assessments

- Results of ongoing monitoring and periodic assessments will be reported to senior management and the Audit Committee as part of the existing established reporting schedules
- Should there be any required actions from the internal assessments, they will be included within the Annual Opinion, and reported to senior management and Audit Committee
- Any significant area of non-conformance with PSIAS that is identified will also be included in the Annual Opinion, and will be considered for inclusion in the Annual Governance Statement

External Assessments

- The results of external assessments will be reported to senior management and the Audit Committee
- Should there be any required actions from the external assessment, they will be included in the Annual Opinion, and reported to senior management and the Audit Committee
- Any significant area of non-conformance with PSIAS that is identified will also be included in the Annual Opinion, and will be considered for inclusion in the Annual Governance Statement

6 Review of QAIP Framework

- 6.1 The QAIP framework will be reviewed on an annual basis to ensure that it is fit for purpose and assisting with delivering continuous improvement.
- 6.2 All stakeholders of the service are encouraged to provide feedback on the QAIP in either a formal or informal manner.

IA/RD/MO

May 2023

Next Review: April 2024