

## Internal Audit

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# Quality assurance and improvement programme

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In accordance with standard 1300 of the Public Sector Internal Audit Standards (PSIAS) the Chief Audit Executive (CAE) must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. For Tewkesbury Borough Council, as defined in the internal audit charter, the Head of Corporate Services undertakes the role of CAE. The QAIP must include both internal assessments and external assessments. The programme has been developed so it is proportionate and practical for the small size of the internal audit team (2FTE).

## Bi-Annual Plan

The work of the team is directed by a bi-annual audit plan. The six monthly plan is drawn together by the CAE. For further quality assurance purposes, the plan is presented at corporate management team for endorsement before it is presented to Audit and Governance Committee for formal approval.

Once approved the plans are profiled in consultation with relevant managers. The plan is monitored regularly by both the CAE and senior auditor. Progress on delivering the plan is also discussed at regular team meetings. Progress on delivery of the plan is reported to each Audit and Governance Committee meeting. In addition, a quarterly meeting is held with the Lead Member for Corporate Governance and the Chair of Audit and Governance Committee to update on internal audit related work.

## Internal Audit Process - overview

During the course of the audit, individual auditors tend to work on their own initiative. If need be, the small size of the team does make it easy for auditors to discuss any issues that may arise, particularly if it requires management input either from the senior auditor or CAE.

Prior to undertaking an audit, the assignment brief (scope of the work to be undertaken) will be discussed with the customer. This will include but not limited to the identification of the key risks of the area to be audited, particularly if it is a new area of audit or there have been fundamental changes to a current system. All assignment briefs will be reviewed and approved by the CAE. For service areas that are being audited and fall within the managerial remit of the CAE, then assignment briefs will be signed off by chief finance officer - this arrangement is detailed further within the internal audit charter.

All subsequent working papers will be quality assured by the senior auditor, and they will be dated and initialled as evidence of the quality check. The work of the senior auditor will be peer reviewed by the other internal auditors. A review sheet will be completed by the peer reviewer of questions arising as a result of the quality assurance review. The auditor will respond to these and all responses will be documented on the review sheet and signed off.

Following completion of all working papers, findings are summarised within a draft report including any

recommendations. Each internal control element of the system or area audited will draw a conclusion on how well managed that element is. The number and significance of recommendations made will directly inform that conclusion. The CAE will review all draft reports.

Following a supervisory review of all audit documentation, the draft report will be issued to the client for approval. The client will naturally quality assure these, for example to ensure they are factually accurate. If there are any significant changes to the draft report or recommendations these will be agreed with the CAE.

Once finalised, the final report will be submitted to the CAE to formally sign the audit off by making comments and deciding if there is any further action. For example, to raise any findings with senior management or if any future audit work is required.

The time taken on individual audits is recorded on a daily work log. There are allocated days within the audit plan to follow up audit recommendations to determine if they have been implemented. Clients are notified on a quarterly basis of outstanding recommendations and these are also raised by the CAE at management meetings. The progress in implementing recommendations are reported to Audit & Governance committee with escalation procedures in place should the recommendation not have been implemented.

## Client Survey

The final report and recommendations are sent to the client together with a client survey form. The completion of the form is encouraged but is not mandatory. Completed forms are returned to the CAE for review and appropriate action taken where necessary. Every two years, a survey is sent to each Head of Service. This is different to the operational type survey and is more strategic in nature. For example, to ask questions around the value of internal audit.

## Chair of Audit & Governance Committee and Lead Member engagement

The quality assurance and improvement programme, together with an overview of internal audit work undertaken forms part of a quarterly discussion with relevant members.

## Performance Indicators

By applying the requirements of PSIAS this naturally contributes to the effectiveness of the internal audit team. In addition, and without creating an industry, the team will have a small basket of performance indicators. These will be kept under review annually.

## Knowledge and Networking

It is important the team keep abreast of local and national news that affect the work of internal audit. This is achieved through a number of ways;

### External focus

- Continuing professional development
- Membership of the Institute of Internal Auditors
- Subscription to CIPFA
- Participants in the Midland Internal Audit Group
- Ad hoc training courses

The team also need to be in touch with what is going on internally within the council;

### Internal focus

- Membership of Programme Board – provides oversight on corporate projects
- Team is set up on draft committee report distribution list
- Representation on project teams or other key corporate groups
- CAE sits on management team and reports directly to the Chief Executive

## Personal, Professional Development (PPD)

In line with the council's HR procedures, each member of the team participates in an annual PPD appraisal. This is supported with less formal but

regular meetings during the course of the year. The PPD creates dialogue around individual performance, training and development.

## Internal assessments

This will be achieved through ongoing monitoring of the performance of the internal audit activity by the CAE. For example, through monthly team meetings, performance indicator outturn figures, 1-2-1 meetings, feedback from other management team members, reporting to the Audit and Governance Committee and reporting to Members generally. The CAE also has regular 1-2-1 meetings with the Chief Executive.



# Quality Assurance and Improvement Programme

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## External assessment

An external assessment of the internal audit function will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The CAE will agree the approach of the assessment and the appointment of the assessor with the Head of Finance and Asset Management and the Chair of Audit and Governance Committee. The committee itself will be updated prior to engagement and will obviously be presented with the findings of the assessment.

monitored and reported to the Audit and Governance Committee through the CAE's annual report. The improvement programme for 22/23 is attached in Appendix 1.

## Reporting to Audit & Governance Committee

As part of the CAE's annual report, this will include details on compliance with the quality assurance framework and progress on implementing actions within the improvement programme.

## Improvement programme

The audit team recognise it is important to continually review practices and implement improvement initiatives where possible. The improvement aspect of the QAIP has been translated into an annual action plan. The action plan will be



ACTION	DATE	OFFICER RESPONSIBLE
1	To review the service delivery model of the internal audit function.	June 2022 Chief Audit Executive and Head of Finance and Asset Management (S151 Officer)
2	To support members of the internal audit team in achieving an internal audit qualification. To include: - Support one team member in their final year of MSc - Support the business case for another team member to undertake an audit qualification	March 2023 Chief Audit Executive and Senior Auditor
3	Support the new temporary internal auditor in the undertaking of audit assignments and understanding audit related processes.	Ongoing until February 2023. Chief Audit Executive and Senior Auditor
4	To provide resilience, investigate the potential to add an apprentice position within the team.	September 2022 Chief Audit Executive and Senior Auditor
5	Deploy the approved reserve set aside for the undertaking of ICT related audits.	March 2023 Chief Audit Executive
6	In compliance with the Public Sector Internal Audit Standards (PSIAS), procure and prepare for an independent external assessment.	December 2022 Chief Audit Executive
7	Undertake a general review of internal audit documentation and processes including: - Development of new bi-annual audit plans - Review of internal audit charter - Finalisation of an internal audit manual	September 2022 Chief Audit Executive and internal audit team