

Internal Audit Quality Assurance and Improvement Programme

PURPOSE:

1. Internal Audit's Quality Assurance Improvement Programme (QAIP) is designed to provide reasonable assurance to its key stakeholders that Internal Audit:
 - Performs its work in accordance with its charter
 - Operates in an effective and efficient manner; and,
 - Is adding value and continually improving the service that it provides
2. The Chief Internal Auditor is responsible maintaining this QAIP which covers all aspects of Internal Audit activity. This QAIP seeks to conform with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as such includes both internal and external assessments.

INTERNAL ASSESSMENTS

3. Internal Assessment includes both ongoing and periodic reviews

Ongoing Reviews

4. Ongoing assessments are conducted through:
 - Supervision of individual audit assignments
 - Regular, documented review of working papers by appropriate Internal Audit Staff during audit assignments
 - Applying relevant audit policies and procedures, including those set out in the Surrey County Council Internal Audit Manual, to ensure applicable audit planning, fieldwork and reporting quality standards are met.
 - Review of all audit reports by the Chief Internal Auditor prior to formal circulation.
 - Feedback from Customer Satisfaction Questionnaires (CSQs) on individual audit assignments
 - Corporate performance monitoring
5. In assigning audit work to an individual auditor consideration is given to their level of skills, experience and competence and an appropriate level of supervision exercised.
6. Feedback from CSQs and reviews of working papers and audit reports will form part of the discussion during regular 1-2-1 meetings and will help inform formal appraisal discussions.
7. Performance measure/targets for Internal Audit are agreed in line with the agreed Chief Executive Directorate process for performance management. The priorities for the Internal Audit team are reviewed and refreshed each year as part of the Council's annual business planning cycle. The Chief Executive's Office Senior Management Team agrees the Internal Audit priorities to be reported at Directorate level in advance of the new financial year and these are published as part of the Chief Executive's Office Directorate Strategy.
8. Measures against these priorities are a mixture of a narrative report and locally devised indicators submitted by the Chief Internal Auditor each quarter. The report is reviewed each quarter by the Chief Executive's Office management team, which is chaired by the Assistant Chief Executive. Once agreed, the report is sent for sign-off by the lead Cabinet Member for Internal Audit before it is reviewed at an informal joint meeting of the Corporate Leadership Team and Cabinet as part of a wider 'Directorate Progress Report'.

Once the report has been approved at this meeting, it is published on the Council's website.

Periodic Reviews

9. Periodic assessments are conducted to evaluate conformance with the Definition of Internal Auditing; the Code of Ethics; and, Standards as set out in the PSIAS. These may be conducted through self assessment or by other persons within the Council with sufficient knowledge of Internal Audit practices. The PSIAS Local Government Application Note and Checklist will be used as part of this evaluation.
10. An annual review of the effectiveness of the system of Internal Audit in line with the Accounts and Audit Regulations 2011 will also be conducted. This review is sponsored by the Audit and Governance Committee Chairman who will also agree the specific terms of reference for that review. In drafting the Terms of reference for this annual review the Chief Internal Auditor will seek the views of the Section 151 Officer.
11. In addition the Chief Internal Auditor will include certain key performance information in both the half and full year reports to Audit and Governance Committee. This will typically include:
 - Number of actual/planned days by audit activity type
 - Details of completed/cancelled/deferred audits
 - RAG assessment of progress in implementing audit recommendations
 - Customer Satisfaction Questionnaire scores

EXTERNAL ASSESSMENTS

12. An external assessment will be conducted at least once every five years as required by the PSIAS which came into effect on 1 April 2013.
13. The Chief Internal Auditor will consider what form of external assessment is most appropriate eg a "full" external assessment or a self-assessment with independent validation. The scope of any external assessment will be discussed with the Section 151 Officer and agreed with the Chairman of the Audit and Governance Committee and with the appointed external assessor.
14. Before appointing an external assessor, the Chief Internal Auditor will have confirmed with the Chairman of the Audit and Governance Committee that the assessor is competent in the area of professional internal auditing practices and the external assessment process. In determining competence the Chief internal Auditor will consider the level of experience gained in organisations of similar size and if in doubt will seek advice from CIPFA.
15. For an external assessment to provide a truly independent view, it is important that the appointed assessor has no real or apparent conflict of interest with the Council in general or the Internal Audit team in particular. The Chief Internal Auditor will be alert to this risk when appointing the external assessor.

REPORTING

16. The outcome of any external assessment or periodic internal assessment (notably the annual review of the effectiveness of the system of Internal Auditor) will be reported to the Section 151 Officer and the Chief Executive and to the Audit and Governance Committee on completion. The Chief Internal Auditor will not state that the Internal Audit service conforms with the Internal Standards for the Professional Practice of Internal

Auditing (ie the PSIAS in the UK Public sector) unless the results of the QAIP (including a completed external assessment) confirm this

17. The Chief Internal Auditor will take appropriate action to ensure that recommendations for improvement identified as a result of periodic internal or external assessments exercises are implemented as appropriate.
18. Progress in implementing agreed improvement plans will be included as part of the Chief Internal Auditor's annual report to the Audit and Governance Committee
19. Any significant deviations from the PSIAS will be brought to the attention of the Governance Panel and considered for inclusion in the Annual Governance Statement

VERSION CONTROL:

1.0	As presented to the Audit and Governance Committee	24/03/14