

Internal Audit Quality Assurance & Improvement Programme 2022-23

I.	INTRODUCTION	3
II.	SUPERVISION & QUALITY MANAGEMENT.....	3
III.	INTERNAL ASSESSMENTS	4
IV.	EXTERNAL ASSESSMENTS	4
V.	PERFORMANCE MEASUREMENT & MONITORING	4
VI.	REPORTING	6

I. Introduction

The Internal Audit Charter sets out that the delivery of internal audit services will be in line with the Public Sector Internal Audit Standards (the Standards). The Standards require the Internal Audit Team to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of Internal Audit activity: A QAIP is designed to enable an evaluation of the Internal Audit Team's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether Internal Auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the Internal Audit Team and identifies opportunities for improvement. The Standards require the QAIP to include both internal and external assessments.

This QAIP is intended to drive continuous improvement in the delivery of Internal Audit for both Medway Council and Gravesham Borough Council. For the purposes of the Public Sector Internal Audit Standards (PSIAS) the board is defined as the Audit Committee for Medway Council and the Finance & Audit Committee for Gravesham Borough Council. Senior management is defined as the Corporate Management Team for Medway Council and the Management Team for Gravesham Borough Council.

II. Supervision & quality management

The Internal Audit Team is structured to ensure that all officers are appropriately supervised and supported to deliver their work. Robust quality control arrangements are built into every stage of the process of planning and conducting internal audit work to ensure that the service delivers consistent and high-quality outputs to both authorities:

- The Internal Audit Team works to an agreed process, developed in consultation with officers, which is delivered through standard template documents and is supported by a procedure manual. The process, templates and manual are all subject to periodic review.
- Routine supervision checks and one to ones are in place to support Internal Auditors in the planning and delivery of all work. Ad-hoc support and supervision is also available from the Senior Internal Auditor, Internal Audit Manager and Head of Internal Audit & Counter Fraud as required.
- Quality control arrangements are in place for the supervising officer to review and sign off an opening risk assessment and the Terms of Reference of each piece of work prior to issue to the client, and for agreement of the programme of work to be completed in advance of the fieldwork beginning.
- Each completed internal audit review has a detailed quality control review conducted by the officer responsible for supervising the review. This review seeks to confirm that:
 - The Internal Auditor has identified, analysed, evaluated, and documented sufficient, reliable, relevant, and useful information,
 - Audit testing methodologies and samples are sufficient to reach reasonable conclusions,
 - Conclusions are soundly based and supported by appropriate analyses and evaluations,
 - Suggested actions are practical and address the weaknesses identified,
 - The engagement objectives have been met,
 - The Internal Auditor has maintained their independence throughout the work carried out,
 - The work has been completed in compliance with the Standards,
 - The agreed internal audit engagement process has been followed, and
 - The agreed day allocations and timescales have been met.

- All draft and final reports are reviewed by the Internal Audit Manager and receive final clearance from the Head of Internal Audit & Counter Fraud prior to issue to the client.
- Ten percent of all internal audit reviews completed are subject to an additional quality control review by the Head of Internal Audit & Counter Fraud, independent of the conduct of the initial quality review conducted. These checks may be directed to the most complex or potentially contentious areas of work.

III. Internal assessments

On an annual basis, Internal Audit management will conduct a self-assessment of compliance with the Institute of Internal Auditors' (IIA) International Professional Practices Framework. Any areas of non-compliance are identified and a plan for addressing these is implemented.

Results of the internal assessment will be shared with the wider Internal Audit Team and reported to senior management and the Audit Committees of both authorities.

IV. External assessments

The Standards require an External Quality Assessment (EQA) to be carried out at least once every five years by a qualified assessor or assessment team from outside the organisation. This assessor should be independent to avoid any conflict of interest. The scope of this assessment will be agreed with the Section 151 Officers of both authorities as sponsors of the Shared Service.

The Internal Audit Team was subject to its first EQA in February 2018; the results of which were shared with the S151 Officers and Audit Committees of both authorities. A new EQA commenced in January 2023.

V. Performance measurement & monitoring

The Internal Audit Team has arrangements in place to capture performance data across the delivery of all aspects of internal audit work; measuring, monitoring, and reporting against the performance indicators set out in the table on page 5 through the periodic Audit Committee update reports.

It is not appropriate to set targets for some indicators listed as the returns against these will be for information only and the Team has no or limited control over the results, for instance the proportion of actions implemented.

Ref	Indicator	Target	Frequency
Non LA Specific Performance Measurements			
IA1	Proportion of staff with professional qualification relevant to internal audit	N/A	Annually
IA2	Proportion of non-qualified staff undertaking professional qualification training	N/A	Quarterly
IA3	Time spent on professional qualification training:	N/A	Quarterly
IA4	Time spent on CPD/non-professional qualification training, learning & development (including corporate training)	40 days	Quarterly
IA5	Compliance with PSIAS	100%	Annually
LA Specific Performance Measurements			
IA6	Average cost per agreed assurance review	<£5,000	Annually
IA7	Proportion of estimated resources delivered	N/A	Quarterly
IA8	Proportion of chargeable time spent on: a) Assurance work b) Consultancy work	N/A	Quarterly
IA9	Proportion of agreed assurance reviews: a) Delivered b) Underway	95%	Quarterly
IA10	Proportion of completed assurance reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	Annually
IA11	Number of agreed actions that are: a) Not yet due b) Implemented c) Outstanding	N/A	Quarterly
IA12	Proportion of actions implemented by agreed date	N/A	Quarterly
IA13	Client, Management and Member satisfaction with internal audit services	90%	Annually

VI. Reporting

Update reports are prepared and presented to senior management and the Audit Committees of both authorities on a periodic basis determined by the Committee schedule, providing details of the findings made by the Internal Audit Team in delivering agreed work plans, and performance against the indicator suite according to the timescales set out in the table above.

An Annual Report is prepared and presented to senior management and the Audit Committees of both authorities, to provide:

- A summary of how the Internal Audit Team's resources have been used,
- A summary of the findings of the work of the Internal Audit Team in the year,
- The opinion of the Head of Internal Audit & Counter Fraud on the effectiveness of the overall control environment of each authority,
- A summary of the Internal Audit Team's performance against the indicator suite outlined above,
- The results of any internal and external assessments against the Public Sector Internal Audit Standards along with action plans for any gaps identified,
- Any other opportunities for improvement identified through the results of this QAIP.

This QAIP is subject to an annual review with the results presented to senior management and the Audit Committees of both authorities for approval.