



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



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1 Introduction

1.1 Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders of the service that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards (PSIAS);
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and continually improving its operations.

1.2 Internal Audit's QAIP covers all aspects of Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:

- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner (1300);
- Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics (1300);
- Helping the Internal Audit activity add value and improve organisational operations (1300);
- Undertaking both periodic and on-going internal assessments (1311); and
- Commissioning an external assessment to the Audit Committee at least once every five years, the results of which are communicated to the Audit Committee (1312 & 1320).

1.3 The Chief Internal Auditor is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consulting.

2 Internal Assessments

2.1 In accordance with the PSIAS Standard, internal assessments are undertaken through both on-going and periodic reviews.

On-going Reviews

2.2 Continual assessments of quality are undertaken via:

- Management supervision of all engagements;
- Structured documented review of working papers and draft reports by Internal Audit management;
- Feedback from audit clients obtained through post audit questionnaires at the closure of each engagement (Appendix A);
- Monitoring of internal performance targets (Appendix B) and annual reporting to the Audit Committee; and
- Review and approval of all final reports, recommendations and levels of assurance by the Chief Internal Auditor.

Periodic Reviews

2.3 The Internal Audit service 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 which is regularly reviewed.

2.4 Periodic assessments are designed to evaluate conformance with these standards and are conducted via:

- Quarterly Progress Reports to the Audit Committee which includes progress against the annual plan, reports issued during the period including details of the opinion and summaries of key issues and outcomes from the work undertaken in the period;
- Annual Satisfaction Surveys to key stakeholders (Appendix C);
- Annual self-assessment of conformance with PSIAS;
- Annual review of compliance against the requirements of the QAIP, the results of which are reported to senior management and the Audit Committee;
- Feedback from the s.151 Officer and Chair of the Audit Committee to inform the annual appraisal of the Chief Internal Auditor in accordance with Standard 1100; and
- At least annual performance reviews for each Internal Auditor.

- 2.5 Significant areas of non-compliance with PSIAS identified through internal assessment will be reported in the Internal Audit Annual Report and used to inform the Annual Governance Statement.
- 2.6 Results of internal assessments will be reported to the Audit Committee at least annually. The Chief Internal Auditor will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.
- 2.7 The Chief Internal Auditor will also periodically identify improvement requirements, for example in respect of audit planning, assurance mapping, audit processes, counter fraud, skills development for the team, audit profile and performance.

3 External Assessments

- 3.1 An external assessment occurs at least once every five years to ensure continued application of professional standards. A Peer Review of the service was completed in February 2018. This process expressed an opinion about Internal Audit's conformance with the Standards, the Definition of Internal Audit and Code of Ethics including recommendations for improvement and was reported to the Audit Committee in March 2018.
- 3.2 The appointment of the External Assessor and scope of the External Assessment for this review had been approved by the Audit Committee in July 2017.
- 3.3 The external assessment consisted of a broad scope of coverage that reviewed the sections compliance with in excess of 340 individual standards within the Public Sector Internal Audit Standards (PSIAS) and included the following elements of Internal Audit activity:
 - Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and Internal Audit's Charter, plans, policies and practices;
 - 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; and
 - Whether Internal Audit adds value and improves the organisation's operations.

- 3.4 Results of the external assessments were reported to the Audit Committee at the earliest opportunity in March 2018 following receipt of the external assessors report. The external assessment report was accompanied by a written action plan in response to significant comments and recommendations identified.
- 3.5 A report outlining progress against the recommendations from the Peer Review in respect of any areas of either partial or non-conformity with the PSIAS was reported to the Audit Committee in September 2018.

4 Review of the QAIP

- 4.1 This document will be reviewed at least on an annual basis.



Appendix A

Quality Assurance Questionnaire

Internal Audit is continuously looking at ways of improving the quality of service which we provide. Please could you complete this questionnaire to help us ensure that the service we provide is of the highest possible standard.

Evaluation

1. Overall evaluation of the audit in terms of added value to your business area and improving control / performance.
2. The level of consultation during the audit including the opportunity to comment on the scope.
3. The audit was carried out effectively with minimum disruption.
4. The auditor(s) were professional, objective and worked well with your team.
5. The final report was clear. Concise, addressed key issues, and was issued in a timely manner.

If you have marked any of the questions above as Poor or just adequate, please could you take a moment to detail why below:

Your views on any ways in which Internal Audit could be improved, observations on the manner or general approach in which the audit was conducted, and any areas which could benefit from future audit reviews would be appreciated.

Appendix B

Business Objectives and Performance Targets 2018/19

Business Objectives

Ref.	Objective	How Delivered
SR1	Deliver an effective and appropriately resourced Internal Audit function in line with the Accounts and Audit Regulations (2015) and provide an annual Audit opinion.	<p>Provision of a statutorily required annual Audit opinion to management and members on the internal control, risk and governance frameworks based on the delivery of an agreed Internal Audit Plan and in compliance with Public Sector Internal Audit Standards (PSIAS).</p> <p>Internal Audit will demonstrate our capabilities to deliver an enhanced and valuable service. We will be agile so as to meet the Council's changing priorities, whilst also being dynamic and innovative in the way in which the service is to be delivered.</p>
SR2	Deliver a comprehensive Counter Fraud and Investigations Service	Provision of a wide range of counter fraud and investigative services and the maintenance and development of the Council's Anti-Fraud, Bribery and Corruption Strategy.
SR3	Enhance and promote the profile of risk, internal control and governance across the organisation to ensure continual improvement of the Council's arrangements, taking a leadership role on the third line of assurance, being a trusted advisor to strategic management and the Audit Committee.	Deliver audit messages at a range of meetings and forums within the Council, in addition to individual audit reporting in order to share knowledge gained through audit activities to promote improvements in governance, risk management and systems of internal control. This will include early audit engagement in major projects.
SR4	Continually improve and develop the service.	Delivering actions against the Improvement Plan and the external Peer Review of the Service, which includes more lean ways of working.
SR5	Grow the volume of the business via the generation of increased levels of external income or recharging of services internally.	Identification of income generating opportunities and developing the ability to maximise their potential.
SR6	Preparation of Annual Governance Statement (AGS), which forms part of the Council's statutory accounts.	Co-ordinate assurance statements and prepare for the Head of Paid Service and the Mayor a draft AGS for their consideration and approval.

Metrics to Measure Internal Audit Performance:
Accountable Measures (Corporate/ to Audit Committee

KPI No.	Ref	Measure	Target 2018/19	Actual Half Year
1	SR1	Deliver Internal Audit Plan - Completion to at least draft stage	90%	30%
2	SR1	Level of Compliance with Public Sector Internal Audit Standards	95%	Annual Indicator
3	SR1	Delivery of 2017/18 Audit Opinion to management and Audit Committee in time to inform the AGS	By May 2018	Complete and Delivered within Timescale
4	SR2	Delivery of Agreed Counter Fraud Awareness Training Plan	90%	50%
5	SR2	No. of Tenancies Recovered	30	16
6	SR3	Level of Recommendation Implementation (Fully / Partially)	90%	84%
7	SR4	Client Satisfaction Survey (for individual audits) - % with score of good or above	85%	82%
8	SR4	Annual Management Perception Survey - % of positive responses in respect of perceived benefits and value of Internal Audit service	90%	Annual Indicator
9	SR4	Review of the Skills Mix of the function	Completion and Implementation by Oct 2018	Proposed Structure at consultation stage.
10	SR4	Delivery of Actions from Development Plan and from recommendations in Peer Review	95% of actions from the Peer Review to be addressed by November 2018.	57% of actions complete 32% of actions in progress
11	SR5	Level of external income / services recharged internally	To achieve a year on year increase in external / recharged income (subject to the proviso that such use of resource should be proportionate and not to the detriment of the delivery of core BCC priorities)	Income Target on Track.
12	SR6	AGS delivered in line with statutory deadlines	By 31.05.18	Complete and Delivered within Timescale

Appendix C

Senior Management Satisfaction Questionnaire

Please tick or 'X' the relevant box	✓	✓	✓	✓	✓
To what extent do you agree or disagree that the Internal Audit Service:	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
1. Understands your organisation, its needs and objectives.					
2. Works with your organisation to assist you in achieving your objectives and managing your risks.					
3. Consistently demonstrates competence and due professional care.					
4. Adds value with the work delivered.					
5. Is insightful, proactive and future-focused.					
6. Promotes and supports organisational improvement and transformation.					
7. Provides timely reports which are of a high standard and meet your needs.					
8. Enables benchmarking and the sharing of good practice, solutions and experience across Bristol City Council.					
9. Demonstrates quality and continuous improvement in the Audit service.					
10. Has provided an effective service for the Council in 2017/18.					

Comments