



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



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1 Introduction

1.1 The Standards for proper practices in relation to internal audit are laid down in the Public Sector Internal Audit Standards (PSIAS). The PSIAS set out the ethical, attribute and performance standards for an effective Internal Audit service. Compliance with the standards should be assessed internally and subject to periodic, independent external quality assessment. The PSIAS requires that Internal Audit sets out its quality assurance arrangements in the form of a Quality Assurance Improvement Plan (QAIP).

1.2 The PSIAS sets out the requirement for a QAIP:

“The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit activity which must include both internal and external assessments.”

1.3 The 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) and the CIPFA Statement on the role of the Head of Internal Audit;
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and continually improving its operations.

1.4 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 and 1320).

- 1.5 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:
- Effective planning, allocation of audit resources and reporting of activities;
 - Management supervision of all engagements;
 - Structured documented review of working papers and draft reports by Internal Audit Management;
 - Feedback from audit clients obtained through regular audit engagement using the Audit Client Engagement model;
 - Monitoring of key performance targets and annual reporting to the Audit Committee;
 - Monitoring and reporting the implementation of agreed management actions;
 - Regular training for the team;
 - Use of data analytics and audit management software; and
 - Review and approval of complex, and high risk outputs including all limited and no assurance opinions 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 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 Section 151 Officer and Chair of the Audit Committee to inform the annual appraisal of the Chief Internal Auditor in accordance with Standard 1100;
- At least annual performance reviews for each Internal Auditor; and
- Regular review of individual auditors' compliance with their continuous professional development requirements.

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 Consistent with the PSIAS, an external assessment occurs at least once every five years to ensure continued application of professional standards. The appointment of the External Assessor and scope of the External Assessment for the external assessment is approved by the Audit Committee.

3.2 A Peer Review was undertaken in 2017 by Sheffield City Council which produced 28 recommendations. All these recommendations have now been fully implemented and closed.

3.3 In February 2023, another Peer Review was conducted by Nottingham City Council which concluded that Bristol City Council's Internal Audit Service **conforms** to the requirements of the Public Sector Internal Audit Standards. A single recommendation was made which has now been fully implemented.

3.4 The outcomes from the last Peer Review were presented to the Audit Committee in March 2023.

4 Review of the Quality Assurance and Improvement Programme (QAIP)

- 4.1 The QAIP is reviewed at least annually. Appendix A provides an update on the implementation of agreed recommendations from the last Peer Review and any new actions arising from the 2023/24 self-review.

APPENDIX A

Quality Assurance and Improvement Programme Action Plan

Implementation of Peer Review Recommendations		
Peer Review Date	Recommendation	November 2023 Update
February 2023	Update the Internal Audit Charter to reflect the resourcing approach used by Bristol City Council Internal Audit in delivering assurance activities including the use of a strategic partner and other applicable resourcing arrangements.	Complete. Charter updated to reflect the recommended addition.
QAIP Improvement Actions		
QAIP Element	Action	November 2023 Update
Processes	Implement continuous monitoring and continuous auditing methodologies.	Ongoing
Processes	Introduce agile auditing methodologies.	Ongoing
Processes	Enhancing expertise in computer assisted audit techniques and data analytics.	New
Processes	Reintroduce annual feedback survey on internal audit performance	New
Process	Formalising the arrangements for obtaining feedback from the Chair of the Audit Committee and Chief Executive on the Chief Internal Auditor's performance	New