

Internal Audit

Quality Assurance and Improvement Programme 2023/24

Appendix 8(a)

Blackpool Council



Quality Assurance and Improvement Programme 2023-24

Appendix 8(a)

Introduction

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

- Performs its work in accordance with its Charter which conforms to the requirements of the Public Sector Internal Audit Standards (PSIAS);
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and improving Internal Audit's operations.

Internal Audit's QAIP covers all aspects of the Internal Audit Service 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;
- Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics;
- Helping the Internal Audit service add value and improve organisational operations;
- Undertaking both periodic and on-going internal assessments;
- Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit Committee and Corporate Leadership Team in accordance with the Standards.

The Head of Audit and Risk is ultimately responsible for the QAIP, which covers all types of internal audit activity, including advice and consulting.

Internal Assessments

In accordance with PSIAS Standard 1300, internal assessments are undertaken through both on-going and periodic reviews.

On-Going Reviews

Continual assessments are conducted through:

- Management supervision of all audit activities and structured, documented review of key working papers.
- Audit quality procedures used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards.
- Review of all draft and final reports by Senior Auditors and the Head of Audit and Risk before they are issued.
- Feedback from audit clients obtained through customer satisfaction surveys which are issued at the end of every audit.
- Monthly one to ones between the Head of Audit and Risk and the Senior Auditors, and between the Senior Auditors and the Audit team.
- Monthly Audit and Risk Services and Internal Audit team meetings.

Quality Assurance and Improvement Programme 2023-24

Appendix 8(a)

Internal Audit Performance Management

In order to monitor the performance of the internal audit team year on year, an agreed suite of performance indicators are in place. Progress against the performance indicators is reported to the Corporate Leadership Team and Audit Committee each quarter. The suite of indicators is:

- Percentage of annual audit plan completed;
- Percentage draft reports issued within deadline;
- Percentage audit work within resource budget;
- Percentage of positive satisfaction surveys;
- Percentage compliance with quality standards for audit reviews.

Details of performance against the targets for a three year period are illustrated below:

	2020/21		2021/22		2022/23	
	Target	Actual	Target	Actual	Target	Actual
Audit plan completed	90%	80%	90%	99%	90%	91%
Draft reports delivered in deadline	96%	98%	96%	89%	96%	89%
Audit work completed in budget	92%	96%	92%	100%	92%	98%
Positive satisfaction surveys	85%	95%	85%	93%	85%	95%
Compliance with quality standards	85%	90%	85%	92%	85%	96%

In addition to receiving a score in relation to customer satisfaction surveys sometimes comments are also included. These can be both supportive of the work of the auditors or identify lessons for improvement and these are summarised below:

Positive Feedback	Areas to Improve
<ul style="list-style-type: none"> ▪ The auditor knew the subject matter well. 	<ul style="list-style-type: none"> ▪ My service have been in transition with this element of our practice and new procedures have been in place for the last couple of months to remedy years of issues. We have not had a chance to exhibit the benefit of the new process.
<ul style="list-style-type: none"> ▪ The report was very comprehensive. 	<ul style="list-style-type: none"> ▪ My service didn't agree with the recommendations and felt that the responsibility for other organisations and internal departments was placed on them.

Quality Assurance and Improvement Programme 2023-24

Appendix 8(a)

Positive Feedback	Areas to Improve
<ul style="list-style-type: none"> The auditor took the time to understand the nature of the audit by asking appropriate questions and making relevant recommendations. 	<ul style="list-style-type: none"> I think the auditors needed information from the service to offer some expertise.
<ul style="list-style-type: none"> Good, friendly and professional service. 	<ul style="list-style-type: none"> I found the auditor professional but not knowledgeable in the subject area.
<ul style="list-style-type: none"> The auditor engaged with me from the start and was receptive to my comments and input. 	
<ul style="list-style-type: none"> The auditor was extremely knowledgeable and understood the scope of the review and how the service operated. Anything the auditor was unclear on, she asked and took note. Throughout the auditor was very professional. 	
<ul style="list-style-type: none"> This type of review is extremely helpful and the recommendations will all assist in improving the service and the relationship between Council and companies. 	
<ul style="list-style-type: none"> Not a comment to improve the service, but I would like to thank the auditor for the work she carried out and the quality and understanding she had of the service. The audit process was excellent and it felt like value was being added and it was a worthwhile exercise. The auditor is a credit to your team. 	
<ul style="list-style-type: none"> Knowledge of the service was adequate for the purpose of this audit. 	
<ul style="list-style-type: none"> Ongoing development is important in a CQC registered service and this audit evidences ongoing commitment to development. 	
<ul style="list-style-type: none"> The audit team were professional, knowledgeable and asked the right questions. 	
<ul style="list-style-type: none"> I found the audit process really helpful to pull together risks and recommendations. I felt the team listened carefully and asked considered and relevant questions. I found the process really helpful and would recommend other teams to do the same. A very positive and helpful experience. 	

Quality Assurance and Improvement Programme 2023-24

Appendix 8(a)

Positive Feedback	Areas to Improve
<ul style="list-style-type: none">Insightful and useful report.	
<ul style="list-style-type: none">Professional auditors... thank you.	

Periodic Reviews

Periodic assessments are designed to assess conformance with Internal Audit’s Charter, the PSIAS Definition of Internal Auditing, the Code of Ethics and the efficiency and effectiveness of the Internal Audit function in meeting the needs of its various stakeholders. Periodic assessments are conducted through:

- An annual risk assessment of the Audit Universe for the purpose of audit planning.
- Annual review of compliance against the requirements of the QAIP, undertaken by the Head of Audit and Risk, the results of which are reported to the Corporate Leadership Team and Audit Committee.
- Internal audit service improvement days.
- Compliance with the Individual Performance Appraisal process which sees a full annual and a six monthly assessment of auditor team performance.
- Periodic benchmarking with other local authorities to identify differences in coverage and potential areas for change.
- Networking with other local authorities to identify best practice and potential changes to implement.

The Head of Audit and Risk will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.

Any significant areas of non-compliance with the PSIAS that are identified through internal assessments will be reported in the Annual Audit Report and used to inform the Annual Governance Statement.

External Assessments

External assessment will appraise and express an opinion about internal audit’s conformance with the PSIAS Definition of Internal Auditing and Code of Ethics. The assessment report will include recommendations for improvement as appropriate.

Frequency of External Assessment

An external assessment will be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the external assessment will be approved by the Audit Committee. The last external assessment took place in June 2021.

Scope of External Assessment

The scope of the external assessment is broad and includes the following elements of Internal Audit activity:

Quality Assurance and Improvement Programme 2023-24

Appendix 8(a)

-
- **Purpose and positioning** – Does the internal audit service have the appropriate status, clarity of role and independence to fulfil its professional remit?
 - **Structure and resources** – Does the internal audit service have the appropriate structure and resources to deliver the expected service?
 - **Audit execution** – Does the internal audit service have the processes to deliver an effective and efficient internal audit service?

Results of external assessments are provided to the Audit Committee. The external assessment report will be accompanied by an action plan in response to the comments and recommendations identified. Any significant areas of non-compliance will be reported in the Annual Audit Report and the Council's Annual Governance Statement. The latest external inspection report confirms that the team continue to conform to the standards.

Review of the QAIP

The QAIP will be appropriately updated following any changes to the PSIAS or Internal Audit's Operating Environment. It will be reviewed, as a minimum, on an annual basis.

Action Taken Since QAIP 2022/23

A number of actions, which were identified in the QAIP 2022/23 and as part of the 2021 external assessment, have been implemented throughout 2022/23 and are shown in **Appendix 1**.

Action Plan 2023/24

Actions to be addressed throughout 2023/24 and future years QAIP's are shown in **Appendix 2**.

Appendix 1 – Actions Completed in 2022/23

Source	Completed Action
Service Improvement Day – April 2022	<ul style="list-style-type: none"> • A member of the team has now received formal contract audit training.
	<ul style="list-style-type: none"> • A member of the team has been trained in the use of file interrogation software which can be used as appropriate for audit testing.
	<ul style="list-style-type: none"> • Meetings are now arranged at the mid-point of all audits between the Senior Auditor and Auditor to discuss progress and key findings.
	<ul style="list-style-type: none"> • A new template to evidence Senior Auditor review is now in place.
	<ul style="list-style-type: none"> • The introduction of the new template (above) negates the need for the Senior Auditors to sign and review every document.
	<ul style="list-style-type: none"> • Given the team a wider exposure to different types of audits for development purposes.
External Assessment of Internal Audit – August 2021	<ul style="list-style-type: none"> • In accordance with best practice, Audit Staff formally acknowledged acceptance of the Internal Audit Code of Ethics periodically.

Appendix 2 – Actions to Complete Going Forward

Action	Action By	Status	Target Date
Service Improvement Day – April 2022			
<ul style="list-style-type: none"> Ensure that all staff in the team are appropriately qualified and have a broad range of experience. 	Head of Audit and Risk	In Progress	March 2025
<ul style="list-style-type: none"> Look to skill a member of the audit team with IT audit skills to further enhance the team’s ability. 	Head of Audit and Risk	In Progress	March 2025
<ul style="list-style-type: none"> Implement quarterly half day sessions with the team to consider learning and best practice issues when undertaking internal audits. 	Senior Auditors	In Progress	March 2024
<ul style="list-style-type: none"> Consider the implementation of quarterly post audit evaluations to discuss lessons learned. 	Senior Auditors	Yet to Start	March 2024
<ul style="list-style-type: none"> Set up a library of Audit Programmes so that auditors have a reference point for future audits. 	Senior Auditors	In Progress	March 2024
<ul style="list-style-type: none"> All members of the Audit Team should observe a company and a Council Audit Committee to gain experience of the strategic internal audit process. 	Head of Audit and Risk	In Progress	March 2024
<ul style="list-style-type: none"> Review the offer for providing an internal audit service to Academies to ensure that this is competitive in order to generate more business in this area. 	Senior Auditors	Yet to Start	March 2024

Action	Action By	Status	Target Date
External Assessment of Internal Audit – August 2021			
<ul style="list-style-type: none"> The Chair of Audit Committee should provide feedback on the performance of the Head of Audit and Risk. 	Director of Resources	In Progress	March 2024
<ul style="list-style-type: none"> The two new Senior Auditor posts need to be utilised more effectively which will be achieved in part by the transferal of some responsibilities from the Head of Audit and Risk. 	Head of Audit and Risk	In Progress	March 2024
<ul style="list-style-type: none"> It is recommended that both Senior Auditors hold full Internal Audit qualifications particularly if they are to take on audit responsibilities for the wholly owned companies and / or other higher level responsibilities currently held by the Head of Audit and Risk. 	Head of Audit and Risk	In Progress	March 2025