Internal Audit

Quality Assurance and Improvement Programme 2022/23

BlackpoolCouncil

Quality Assurance and Improvement Programme 2022-23

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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.

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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.

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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:

	2019/20		2020/21		2021/22	
	Target	Actual	Target	Actual	Target	Actual
Audit plan completed	90%	90%	90%	80%	90%	99%
Draft reports delivered in deadline	96%	98%	96%	98%	96%	89%
Audit work completed in budget	92%	93%	92%	96%	92%	100%
Positive satisfaction surveys	85%	92%	85%	95%	85%	93%
Compliance with quality standards	85%	93%	85%	90%	85%	92%

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
	- The clarity and style of the final report was satisfactory although it would be useful if more detail of the school's strengths were included. A more positive focus on what we do well would provide Governors with a more rounded view rather than simply detailing areas for improvement.
- The auditor was very keen to understand our provision and validate findings.	
- The auditor was very pleasant to do business with.	- Due to being a small team it was challenging to manage the audit at year end.

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Positive Feedback	Areas to Improve
▪ Really satisfied with the valuable recommendations from the review, they will be beneficial in improving the service.	▪ Some fine-tuning of recommendations was discussed and agreed. Particularly in relation to what was felt to be disproportionate focus on one area identified in the review. Resolved on discussion and to our satisfaction.
▪ The interviewers knew the material they wanted and asked the right questions to understand what we had done.	▪ Overall I think this was a bit of a learning curve for the auditors but the report was helpful in the end. It did need quite a lot of corrections in terms of content.
▪ The pace and quality of the work was of a high standard.	▪ I understand this audit was long overdue and due to the pandemic it had already been deferred to a later date. However, our service has been under immense pressure throughout the pandemic so some of the recommendations wouldn't have been needed if we'd had more time to focus on the areas.
▪ Thanks to the auditor for their professionalism.	
▪ Thank you ever so much to the auditor for completing this review, it was a pleasure to help you.	
▪ The auditor did an excellent job.	
▪ The auditor was courteous, supportive and polite.	
▪ The auditor picked the subject matter up very quickly and this is reflected in the quality of the final report.	
▪ The auditor has delivered an excellent report it will help us to refocus our efforts in coming months. My sincere thanks.	

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.

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- 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.

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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:

- **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

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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.

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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.

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Action Taken Since QAIP 2021/22

A number of actions, which were identified in the QAIP 2021/22 and as part of the 2021 external assessment, have been implemented throughout 2021/22 and are shown in **Appendix 1.**

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Action Plan 2022/23

Actions to be addressed throughout 2022/23 and future years QAIP's are shown in **Appendix 2**.

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Appendix 1 – Actions Completed in 2021/22

Source	Completed Action
Service Improvement Day (2019))	• Developed standard test schedules for our compliance audit work, related to the establishments that we visit.
External Assessment of Internal Audit (2021)	• The Head of Audit and Risk has formally documented the risk based approach used to populate the annual Audit Plan in the Internal Audit Plan 2022/23.
External Assessment of Internal Audit (2021)	• Regular liaison meetings between Internal and External Audit should take place and these were established on a quarterly basis starting in July 2021.
External Assessment of Internal Audit (2021)	• The Annual Internal Audit Report and Opinion should make reference to the existence and review of the Quality Assurance and Improvement Programme. This was documented in the Annual Audit Opinion for 2021/22.

Appendix 2 – Actions to Complete Going Forward

Action	Action By	Status	Target Date
Service Improvement Day – April 2022			
• 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
• 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
• Explore the potential of training a team member in formal contract audit.	Head of Audit and Risk	Yet to Start	March 2024
• Implement quarterly half day sessions with the team to consider learning and best practice issues when undertaking internal audits.	Head of Audit and Risk	In Progress	March 2023
• Develop the use of file interrogation software to make more efficient use of resources whilst achieving a broader range of assurance.	Head of Audit and Risk	Yet to Start	March 2023

Action	Action By	Status	Target Date
• Ensure that meetings are arranged at the mid-point of all audits between the Senior Auditor and Auditor.	Senior Auditors	In Progress	March 2023
• Develop a template which should be used to record these meetings covering key points (which should be kept on the audit file as evidence of team leader review).	Senior Auditors	In Progress	July 2022
• Review the need for the Senior Auditors to sign and review every document.	Senior Auditors	In Progress	July 2022
• Set up a library of Audit Programmes so that auditors have a reference point for future audits.	Senior Auditors	In Progress	March 2023
• 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	Yet to Start	March 2024
• 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.	Head of Audit and Risk	Yet to Start	March 2024
External Assessment of Internal Audit – August 2021			
• The Chair of Audit Committee should provide feedback on the performance of the Head of Audit and Risk.	Director of Resources	Yet to Start	March 2023
• 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
• 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 2024

Action	Action By	Status	Target Date
• In accordance with best practice, Audit Staff should formally acknowledged acceptance of the Internal Audit Code of Ethics periodically.	Senior Auditors	In progress	March 2023