

# PUBLIC SECTOR INTERNAL AUDIT STANDARDS/QUALITY ASSURANCE & IMPROVEMENT PROGRAMME



Councillor CJ Spruce

Date: 22 March 2018  
Agenda Item: 7  
Contact Officer: Angela Struthers  
Tel Number: 01543 308030  
Email: Angela.struthers@lichfielddc.gov.uk  
Key Decision? NO  
Local Ward  
Members

## AUDIT & MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 To report on the Internal Quality Assessment completed to ensure compliance with the Public Sector Internal Audit Standards and the Quality Assurance & Improvement Programme as required by the Public Sector Internal Audit Standards.

### 2. Recommendations

- 2.1 That Members endorse:
- The Internal Quality Assessment; and
  - The Quality Assurance & Improvement Programme.

### 3. Background

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came in to force on the 1<sup>st</sup> April 2013. The Standards require that Internal Audit comply with professional best practice and assess themselves against the requirements on an annual basis and that an External Quality Assessment (EQA) should be completed at least every five years. The EQA was completed last year. The report identified some issues and recommendations to enhance the service. An update on progress against the recommendations made is detailed at **Appendix 1**. The current internal annual assessment against the standards is detailed at **Appendix 2**.
- 3.2 Part of the requirement of the PSIAS is for the Audit Manager to develop a Quality Assurance & Improvement Programme (QAIP). Under the QAIP, quality should be assessed at both an individual audit engagement level as well as at the broader internal audit level. A well-developed QAIP will ensure that quality is built in to rather than on to, the way internal audit activity operates. In essence, Internal Audit should not need to assess whether each individual engagement conforms to the Standards, but that engagements should be undertaken in accordance with an established methodology that promotes quality and, by default conforms to the Standards.

3.5 The QAIP should conclude on the quality of the Internal Audit activity and lead to recommendations for appropriate improvements. It enables an evaluation of:

- Conformance with Definition of Internal Auditing, the Code of Ethics and the Standards;
- The adequacy of the Internal Audit activity's charter, goals, objectives, policies and procedures;
- The contribution to the organisation's governance, risk management and control processes;
- Completeness of coverage of the entire audit universe;
- Compliance with applicable laws, regulations, and government or industry standards to which the Internal Audit activity may be subject;
- The risks affecting the operation of the Internal Audit activity itself;
- The effectiveness of continuous improvement activities and adoption of best practices; and
- Whether the Internal Audit activity adds value, improves the organisation's operations, and contributes to the attainment of objectives.

3.6 To achieve comprehensive coverage of all aspects of the Internal Audit activity, a QAIP must effectively be applied at three fundamental levels:

- Internal Audit Engagement Level – self assessment at the Audit Engagement or Operational Level;
- Internal Audit Activity Level – self assessment at the Internal Audit activity or Organisational Level; and
- External Perspective – independent external assessment of the entire Internal Audit activity including Individual Engagements.

3.7 Attached as **Appendix 3** is the Quality Assurance & Improvement Programme (QAIP) for the Authority's Internal Audit Service. This gives an overview of the QAIP in place.

Alternative Options	1. None.
Consultation	1. Leadership have been consulted on the PSIAS Assessment and the QAIP.
Financial Implications	1. Risk management processes consider value for money at all times of the process. Failure to manage risks could lead to the Council being faced with costs that could impact on its ability to achieve its objectives
Contribution to the Delivery of the Strategic Plan	1. Internal Audit supports the delivery of priorities in the Strategic Plan.
Equality, Diversity and Human Rights Implications	1. None.
Crime & Safety Issues	1. None.

Risk Description	How We Manage It	Severity of Risk (RYG)
------------------	------------------	------------------------

A	Non-compliance with the Public Sector Internal Audit Standards leading to none compliance to the Accounts & Audit Regulations 2015	<p>Regular review of the Quality Assurance &amp; Improvement Programme(QAIP) to ensure full compliance with the Public Sector Internal Audit Standards</p> <p>External Quality Assessment against the standards every 5 years and annual self assessment</p>	<p>Green (tolerable)</p> <p>Green (tolerable)</p>
---	--	--	---

**Background documents**  
Public Sector Internal Audit Standards

**Relevant web links**