

Quality Assurance Improvement Programme

Report of the Internal Audit Manager

Recommended:

That the Quality Assurance Improvement Programme which includes the action plan arising from the five-yearly independent review of Internal Audit conformance with the Public Sector Internal Audit Standards (PSIAS), as set out in the Annex to the report, be approved.

SUMMARY:

- This report outlines the Quality Assurance Improvement Programme (QAIP) undertaken by the Council's Internal Audit function to ensure conformance with the Public Sector Internal Audit Standards (PSIAS).
- It sets out the conclusions of a five-yearly external review. A development plan is included in the annex to the report that will help build on the strengths identified in the report.

1 Introduction

- 1.1 A Quality Assurance Improvement Programme (QAIP) is designed to enable evaluation of the Internal Audit activity's conformance with the Public Sector Internal Audit Standards and application of the Code of Ethics <http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>. It also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.
- 1.2 Under the standards, the chief audit executive (Internal Audit Manager) must develop and maintain a quality assurance improvement programme that covers all aspects of the internal audit activity. It must also include details of all internal and external assessments carried out to appraise the performance of the internal audit activity.

2 Internal and External Assessments

- 2.1 An external assessment must be conducted at least once every 5 years. In the interim years internal self-assessments are carried out. The last external assessment was completed in March 2024 by a qualified, independent assessor from outside the Council.

3 Outcomes of External Assessment

- 3.1 The standards require the chief audit executive to communicate the results of the quality assurance improvement programme to senior management and the board (Audit Committee).

- 3.2 The resulting report confirmed that Internal Audit is delivering a standard that “generally conforms” with the Public Sector Internal Audit Standards (PSIAS), provides the results of this assessment and demonstrates the continuing effectiveness of the internal audit function. “Generally Conforms” means that the evaluator has concluded that the relevant structures, policies and procedures as well as the processes by which they are applied, comply with the requirements of the individual standard or Code of Ethics.
- 3.3 The Key Matters arising from the review included:
- Increasing use and integration of risk-based techniques with the risk appetite of the Council particularly in terms of planning at a strategic and engagement level would be mutually beneficial.
 - Enhancing the focus of individual audits by developing a clear alignment through working papers to concentrate on agreed management objectives, significant risks and relevant key controls that will support the content of the assurance provided in the final audit report.
 - Aligning audit assurance with accepted best practice codes within the sector such as CIPFA SOLACE and the CIPFA Financial Management Code.
- 3.4 Good Practice identified during the review included:
- An Internal Audit Charter setting out the role and responsibilities of Internal Audit guides the delivery and establishes the basis of the Internal Audit Manager’s Annual Opinion.
 - A documented internal audit methodology and supporting templates that delivers a consistent service.
 - Self-assessment identifies areas in which future development will be beneficial.
 - Routine reporting includes reflection on the direction of travel regarding the assurance opinion and clearly informs clients and the Audit Committee regarding risk and further mitigating actions and therefore completion of the audit plan and follow up of control weaknesses.
 - Customer satisfaction feedback provides assurance regarding performance which informs individual performance development and QAIP processes.
- 3.5 A series of specific recommendations were made in the report to reflect building on the existing strengths in relation to resources, competency, and delivery to enhance future services. An area for development identified as part of the assessment was to consolidate all aspects of the quality assurance processes into a single QAIP policy. This is provided in Annex 1 and includes a detailed development plan (Appendix 4) together with a progress update on its implementation.

3.6 The report concluded that the Council employs an effective internal audit to evaluate its risk management, control and governance processes that complies with the principles of the Public Sector Internal Audit Standards and has planned improvement activities to work towards continuing to ensure full compliance where appropriate.

4 Corporate Objectives and Priorities

4.1 The work of the Internal Audit function supports the Council's strategic priorities to work in a way that recognises the varying needs of the borough communities, working collaboratively, to deliver high quality services that support all communities in Test Valley to thrive.

5 Consultations/Communications

5.1 This report has been communicated to the Head of Finance & Revenues/S151 Officer and Head of Legal & Democratic Services.

6 Risk Management

6.1 The performance of the internal audit function contributes towards the overall corporate governance framework of risk management and assurance.

7 Resource Implications

7.1 There are no resource implications.

8 Equality Issues

8.1 No equalities issues have been identified in the preparation of this report.

9 Conclusion

9.1 This report outlines a consolidated Quality Assurance Improvement Programme to be undertaken by the Internal Audit function to ensure conformance with the Public Sector Internal Audit Standards (PSIAS).

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1		
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