

Audit Services – Review of the Quality Management System 2016/17

Review undertaken by:	Brian McGuire - Audit Manager
Date of Review:	03.02.16
Presented to and accepted by:	Brian James - Head of Corporate Assurance
Date accepted:	06.02.17

Assessment Outcome:

Overall the system continues to remain fit for purpose. There has been minimal systems and procedural change during the course of the year. Following the major upgrade to MK Insight in 15/16 the system has continued to bed in during the course of the year with minimal difficulties experienced. A review of operational aspects of the system is in the process of being undertaken with a view to achieving an effective dovetailing of systems as part of the proposed shared Audit Service arrangement with Stockton Borough Council who also use the same version of the software as Darlington.

System effectiveness and continual improvement:

Overall the system continues to remain effective. The Audit e drive at present reflects the current group structure as does MK Insight. The system adequately reflects current working practices which have remained stable during the course of 2016/17. Changes will however be required during the course of 2017/18 to reflect any further management/service restructuring as part of the MTFP process.

Management control records have been created to document and more readily demonstrate Audit involvement and outputs in relation to Special Investigations and Consultancy Project work undertaken

In respect of the Public Sector Internal Audit Standards (PSIAS), two additions to the standard were applicable from 1st April 2016. These being:

- Mission of Internal Audit – ‘to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’; and
- Core Principles for the Professional Practice of Internal Auditing – ‘to demonstrate integrity, competence and due professional care; to be objective and free from undue influence; to be aligned with the strategies, objectives and risks of the organisation; to be appropriately positioned and adequately resourced; to demonstrate quality and continuous improvement; to communicate effectively; to provide risk-based assurance; to be insightful, proactive and future focused; and to promote organisational improvement’.

Given the decision taken in principle in the late Summer 2016 to progress a Shared Internal Audit Service arrangement with Stockton BC the current Terms of Reference and Quality Management System (QMS) of Darlington Audit Services were not formally refreshed to incorporate these changes. However, both are reflected in Audit Services’ existing approach and practice.

The Internal Audit Charter and QMS of the proposed Shared Internal Audit Service will formally reference both the Mission of Internal Audit and the Core Principles for the Professional Practice of Internal Auditing.

As part of this process the Darlington Audit QMS will be subsumed into a revised Shared Service QMS which will embody best practice from both Councils.

Background

Audit Services have for a number of years operated an internal Quality Management System to support the service in the provision of an internal audit service to the Council. The Quality Management System (QMS) was until December 2012 externally accredited by Lloyds Register Quality Assurance (LRQA) to the requirements of BS EN ISO 9001:2008 quality standard which included a 9 monthly inspection visit to determine and report upon the QMS continued fitness for purpose.

Formal accreditation was discontinued in December 2012 as part of ongoing budget cuts/savings, however Audit Services have continued to maintain the QMS and operate in accordance with its principles.

Compliance with external accreditation required that the Audit Manager on an annual basis conduct a review of the QMS to ensure its ongoing fitness for purpose including any recommendations for improvements, efficiencies etc.

This review has been maintained and the contents of this report comprise the review for the period ended 31.01.17.

Other than recognising the need to incorporate the additions mentioned above in respect of the PSIAS, no further recommendations have been made on the basis that a new QMS will be introduced for the Shared Internal Audit Service which will take account of new operating practices.

Scope and Findings

Scope: All aspects of the QMS have been evaluated.

Findings:**Quality Management System**

The Quality Management System comprises 26 sections which together comprise the Audit/Administrative process.

An evaluation was undertaken of each section.

1. Mission and Aims – **to be updated in line with additions to the PSIAS.**
2. Terms of Reference – no comments
3. Audit Strategy – no comments
4. Audit Committee – no comments
5. Audit Standards – **to be updated in line with additions to the PSIAS.**
6. Response to the Audit standard – no comments
7. Documentation and Version Control – no comments.
8. Review of the Quality Management System – no comments
9. Approval of changes to the QMS – no comments
10. Internal Audit Process. – no comments
11. Quality Audits – no comments
12. Annual Audit Plan – no comments
13. Audit Risk Assessment – no comments
14. Audit Work Plan – no comments
15. Audit Methodology – **requires updating as part of the Shared Service Review**
16. Audit Report – no comments
17. Composition of Audit Service Folders – no comments
18. Client Satisfaction database – no comments
19. Client Satisfaction Survey –no comments
20. Performance Development Reviews – no comments
21. Time recording – no comments

- 22. Performance Monitoring – no comments**
- 23. Special Investigations – no comments**
- 24. Internal Audit Recommendations Database – no comments**
- 25. Access and Archiving Policy – no comments**
- 26. Xentrall Shared Services – no comments**