

## Internal Audit Quality Assurance and Improvement Process

### Understanding the Purpose of Internal Audit

The requirement to have an internal audit function is set out in the accounts and audit regulations 2015. They state:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

The proper practices referred to are the Public Sector Internal Auditing Standards (PSIAS) and they have applied the following definition:

“Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

These requirements can be broken down into the following three areas:

- Adding Value & Improving Operations
- Adequate Coverage of all Risk Management, Control and Governance Processes (i.e. the system of internal control)
- Processes that are Systematic and Disciplined

In order to ensure the service is able to achieve these requirements we need to ensure our people are managed effectively.

The service has developed a balanced scorecard which is supported by an action plan to measure and monitor our achievement of these objectives.

### Stewardship - Adequate Coverage

- Portfolio reviewed including senior management by 31 December
- Plan of audit work for the financial year agreed by 31 March
- Annual report produced by 30 June giving an independent audit opinion supported by sufficient, reliable, relevant and useful information.
- Percentage of audit portfolio covered in year. Target 45%.
- Anti-Fraud and Corruption Strategy reviewed annually and published by 30 June.
- NFI matches reviewed. High Priority - 3 Months, Remainder - 9 Months
- Performance updates presented at each Audit Committee meeting

### Stakeholders - Add Value and Improve

- Portfolio reviewed including senior management by 31 December
- Plan of audit work and Audit Charter for the financial year agreed by 31 March
- Overall satisfaction rating. Target 90%
- Time to issue draft report following completion of fieldwork. Target 14 Days
- Time to issue final report following client response. Target 3 Days
- 3\* and 4\* recommendations implemented by original due date. Target 90%
- Cost of assurance audits completed within 15% of budget time. Target 90%

**Purpose - To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.**

### Process

- Assessed as complying with the Public Sector Internal Audit Standards by a group of peers
- Management of the audit process, number of audits released for review prior to planned release date. Target 90%
- Management meetings undertaken at least every 2 months.
- Audit manual reviewed and updated by the 31 March each year.
- Accuracy of final reports, number of final reports needing to be re-issued. Target < 5

### People

- Completion of CPD requirements. Target 100% of staff with a minimum of 20 Hrs.
- Annual training day delivered by 31 December
- Audit team meetings held at least every 2 months
- Appraisals undertaken by 30 June with a 6 month review
- 100% of auditors agree to abide by the auditor code of conduct
- Time lost to sickness/vacancies. Target 23 days

# Internal Audit Assurance Cycle

