



**Northumberland**  
County Council

**Internal Audit Service**

**Quality Assurance and Improvement  
Programme (QAIP)**

**January 2023**

# Contents

- 1 Introduction
- 2 Internal Assessments
- 3 External Assessments
- 4 Reporting Arrangements

# 1 Introduction

1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013 and were revised on 1 April 2017. The PSIAS and associated Local Government Application Note are the mandatory standards with which every Internal Audit provider delivering such services in local government is required to comply.

1.2 The PSIAS include a mission for internal audit, which articulates what internal audit aspires to accomplish within an organisation. The Mission of Internal Audit is:

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

1.3 The PSIAS require that a quality assurance and improvement programme be developed, which covers all aspects of the internal audit activity within the organisation. The quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity’s compliance with the Standards and Code of Ethics, and assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The quality assurance and improvement programme must include both internal and external assessments.

1.4 This Quality Assurance and Improvement Programme (QAIP) has been developed to codify arrangements in place and provide assurance to stakeholders of Internal Audit (including Audit Committee and Executive Management Team), that Internal Audit’s work:

- Is undertaken in accordance with the Internal Audit Charter, the Public Sector Internal Audit Standards and Code of Ethics.
- Is effective and efficient.
- Meets the Mission of Internal Audit as defined by the Public Sector Internal Audit Standards.

1.5 The Head of Internal Audit and Risk Management is responsible for the QAIP, which covers all aspects of Internal Audit’s work.

# 2 Internal Assessments

2.1 The Public Sector Internal Audit Standard 1311 requires that internal assessments undertaken must include:

- Ongoing monitoring of the performance of the internal audit activity.
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.

2.2 Ongoing monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity. This aspect of the PSIAS requirement will be met by:

- Supervision and review of all audit assignments
- Agreed working papers and procedures used for all audit assignments, to ensure consistent quality of work undertaken
- Review of all draft reports by Group Assurance Manager before draft report issued
- File feedback review undertaken for each assignment
- Regular peer reviews undertaken by Group Assurance Managers
- Review of all final reports, assurance levels, recommendations and priorities undertaken by Head of Internal Audit and Risk Management
- Feedback sought from audit clients at the conclusion of every assignment

2.3 Periodic assessments are designed to ensure that internal audit activity is sufficient to ensure achievement of the Mission of Internal Audit for stakeholders, including review of the internal audit charter and the role of the Chief Audit Executive within the organisation. Periodic assessments will be demonstrated by:

- Periodic reviews of a sample of assignments by the Head of Internal Audit and Risk Management, for performance in accordance with agreed procedures and with the Standards.
- Bimonthly reporting by the Head of Internal Audit and Risk Management to Executive Management Team on internal audit assignments completed, in progress and planned.
- Formal review of Internal Audit Plan undertaken at the mid-year point and reported to Audit Committee in November each year.
- Annual review of Internal Audit Charter and agreement with Audit Committee at least every two years.
- Annual risk assessments undertaken during development of Internal Audit Plan.
- Results of client feedback received included within the Head of Internal Audit and Risk Management's Annual Opinion Report, reported to Audit Committee in May each year.
- Annual declarations of interests sought from Internal Audit staff by Head of Internal Audit and Risk Management.
- Annual staff performance appraisal process.
- Ensuring that the Chief Executive undertakes, countersigns, contributes to or reviews the performance appraisal of the Head of Internal Audit and Risk Management and that feedback is sought from the Chair of Audit Committee(s), as required by PSIAS Standard 1110.
- Annual self-review of compliance with Standards.

### **3 External Assessments**

- 3.1 The Public Sector Internal Audit Standard 1312 requires that external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation, and must assess conformance with the Code of Ethics and Public Sector Internal Audit Standards.
- 3.2 In accordance with this requirement, external assessments will be commissioned to assess and provide an opinion on Internal Audit's conformance with the Code of Ethics and Public Sector Internal Audit Standards, with recommendations for improvement as appropriate.
- 3.3 The Head of Internal Audit and Risk Management will decide on the type of external assessment and commission external assessments, in consultation with the Audit Committee. The appointment of external assessor and scope of external assessment will be approved by Audit Committee.

### **4 Reporting Arrangements**

- 4.1 The results of assessments will be reported accordingly by the Head of Internal Audit and Risk Management.

#### Internal Assessments

- 4.2 Results of ongoing and periodic internal assessments will be reported by the Head of Internal Audit and Risk Management to Executive Team and Audit Committee as part of established reporting schedules in respect of Internal Audit's Internal Audit Plan.
- 4.3 Any required actions identified from ongoing and periodic internal assessments will be incorporated within Internal Audit's Annual Opinion Report, reported to Executive Team and Audit Committee.
- 4.4 Should any significant areas of non-compliance with the Public Sector Internal Audit Standards be identified, this will be reported in Internal Audit's Annual Opinion Report and be considered for inclusion within the County Council's Annual Governance Statement.

#### External Assessments

- 4.5 Results of external assessments will be reported by the Head of Internal Audit and Risk Management to Executive Team and Audit Committee.
- 4.6 For any required actions identified from external assessments, an Action Plan will be developed, including responses and target dates for implementation.

The Action Plan will be reported to Executive Team and Audit Committee, in addition to updates on progress with implementation of any required actions.

- 4.7 Should any significant areas of non-compliance with the Public Sector Internal Audit Standards be identified, this will be reported in Internal Audit's Annual Opinion Report and be considered for inclusion within the County Council's Annual Governance Statement.

IA/KM  
January 2023