

TAMESIDE MBC

INTERNAL AUDIT

**QUALITY ASSURANCE
AND IMPROVEMENT
PROGRAMME
2017/18**

CONTENTS

	Page
1. Introduction	2
2. Internal Assessments	2
3. External Assessments	3
4. Review of the Quality Assurance and Improvement Programme	4
5. Appendices	
A. Internal Audit Quality Control Checklist	5
B. Customer Satisfaction Questionnaire	
C. Internal Performance Targets	

1. INTRODUCTION

- 1.1 Internal Audit's Quality Assurance and Improvement Programme is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit:
- Performs its work in accordance with its Charter, which is consistent with The Public Sector Internal Audit Standards definition of Internal Auditing and Code of Ethics;
 - Operates in an effective and efficient manner; and
 - Is perceived by stakeholders as adding value and improving Internal Audit's operations.
- 1.2 Internal Audit's Quality Assurance and Improvement Programme covers all aspects of the Internal Audit activity in accordance with the Public Sector Internal Audit Standards, Standard 1300 (Quality Assurance and Improvement Programme), including:
- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner;
 - Ensuring compliance with the Public Sector Internal Audit Standards definition of Internal Auditing and Code of Ethics;
 - Helping the Internal Audit activity add value and improve organisational operations;
 - Undertaking both periodic and on-going internal assessments; and
 - Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit Panel and the Greater Manchester Pension Fund Local Board in accordance with Standard 1312.
- 1.3 The Head of Risk Management and Audit Services is ultimately responsible for the Quality Assurance and Improvement Programme, which covers all types of Internal Audit activities, including consulting.

2. INTERNAL ASSESSMENTS

- 2.1 In accordance with PSIAS Standard 1300, internal assessments are undertaken through both on-going and periodic reviews.

On-going Reviews

- 2.2 Continual assessments are conducted through:
- Management supervision of all engagements;
 - Structured, documented review of working papers and draft reports by Internal Audit management;
 - Audit Policies and Procedures used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards;
 - Internal Quality Control Checklist to ensure consistency of reporting and reduce administrative error (Appendix A);
 - Feedback from audit clients obtained through Customer Satisfaction Questionnaires at the closure of each engagement (Appendix B);
 - Monitoring of internal performance targets (Appendix C) and annual outturn reporting to the Audit Panel;
 - Review and approval of all final reports, recommendations and levels of assurance by the Head of Risk Management and Audit Services and Principal Auditors; and
 - Regular team briefings.

Periodic Reviews

- 2.3 Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Public Sector Internal Audit Standards definition of Internal Auditing, the Code of Ethics, and the efficiency and effectiveness of Internal Audit in meeting the needs of its various stakeholders. Periodic assessments are conducted through:

- Quarterly Update Reports, presented to the Audit Panel;
- Annual risk assessments, in accordance with the Internal Audit Strategy 2017-18, for the purposes of annual audit planning;
- Annual review of the Effectiveness of Internal Audit, undertaken by the Head Risk Management and Audit;
- Annual review of compliance against the requirements of this Quality Assurance and Improvement Programme, the results of which are reported to the Audit Panel;
- Feedback from the Assistant Executive Director (Finance) and Audit Panel to inform the annual appraisal of the Head of Internal Audit, in accordance with Standard 1100;
- Periodic Skills and Competency exercise to be conducted for each Internal Auditor based on the principles of the CIPFA Guidance document “The Excellent Internal Auditor” (2010) to inform the appraisal process and identify individual training and development needs.

2.4 Results of internal assessments will be reported to the Audit Panel annually. The Head of Risk Management and Audit will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.

2.5 Any significant areas of non-compliance with the Public Sector Internal Audit Standards that are identified through internal assessment will be reported in the Head of Risk Management and Audit’s Annual Report and used to inform the Annual Governance Statement.

3. EXTERNAL ASSESSMENTS

3.1 External assessments will appraise and express an opinion about Internal Audit’s conformance with the Public Sector Internal Audit Standards definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

Frequency of External Assessment

3.2 An external assessment will be conducted at least every five years, in accordance with the Public Sector Internal Audit Standards. A system of Peer Reviews will be undertaken across the North West Chief Audit Executive Group. The Council’s Internal Audit Service will be assessed during the second half of 2017/18.

Scope of External Assessment

3.3 The external assessment will consist of a broad scope of coverage that includes the following elements of Internal Audit activity:

- Conformance with the *Standards*, Definition of Internal Auditing, the Code of Ethics, and Internal Audit’s Charter, plans policies, procedures, practices, and any applicable legislative and regulatory requirements;
- Integration of the Internal Audit activity into Tameside’s governance framework, including the audit relationship between and among the key groups involved in the process;
- Tools and techniques used by Internal Audit;
- The mix of knowledge, experiences, and disciplines within the staff, including staff focus on process improvement delivered through this Quality Assurance and Improvement programme;
- A determination whether Internal Audit adds value and improves Tameside’s operations.

3.4 Results of external assessments will be provided to the Executive Director (Governance, Resources and Pensions) and the Assistant Executive Director (Finance) and the Audit Panel. The external assessment report will be accompanied by a written action plan in response to significant comments and recommendations identified. Any significant areas of

non-compliance will be reported in the Annual Report of the Head of Risk Management and Audit and in the Annual Governance Statement.

4. **REVIEW OF THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

- 4.1 This document will be appropriately updated following any changes to the Public Sector Internal Audit Standards or Internal Audit's operating environment and will be reviewed at least on an annual basis.

QUALITY CONTROL CHECKLIST

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS			
No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
1	ASSIGNMENT PLANNING		
1.1	<p>Before an audit is allocated, the Principal Auditor needs to speak to the relevant AED and ask if the audit is still relevant and whether there are any issues in the area preventing us from doing the work.</p> <p>Need to ascertain from the AED if there are any:</p> <ul style="list-style-type: none"> • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • To confirm the Executive Member <p>Principal Auditor to also check with Insurance to ensure there are no insurance issues/claims.</p>		
1.2	If any issues are highlighted, discuss further with HR/Legal to determine whether the audit should go ahead or be postponed.		
1.3	Assignment allocated to auditor(s) from Audit Plan and Galileo updated.		
1.4	Speak to key Auditee to agree the timing of the audit.		
1.5	<p>Familiarisation with audit area by reading/ reviewing:</p> <ul style="list-style-type: none"> • Business Plan/other background papers/information (Intranet) • Review previous working paper file, report and PAR if applicable and note any outstanding issues, which may impact upon the terms of reference. • CIPFA Matrices • TIS Online • Better Governance Forum 		
1.6	Meet with key auditee(s) to discuss and agree the Terms of Reference and the expected dates for the Draft Report and Closure		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS

No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
	Meeting. Request access to the relevant systems as required. Also request any data downloads/reports that could be obtained to carry out analysis and testing.		
1.7	Draft Terms of Reference for review by Principal/Senior Auditor		
1.8	Email approved Terms of Reference to: Auditee AED/ED Chief Executive (SP) Monitoring Officer (SS) Section 151 Officer (BJ) Executive Member ** AED Legal Services AED People and Workforce Development Head of Resource Management External Audit (GM) BCC to Head of Risk Management and Audit ** Check the Executive Member is still relevant and whether they have an assistant.		
1.9	Update Galileo with audit start date and the date the Terms of Reference was issued.		
2	FIELDWORK		
2.1	For each area of risk being reviewed, identify expected controls that need to be in place to manage those risks. Each risk and its expected controls need to be entered onto Galileo on the Internal Control Evaluation/Action Plan (ICEAP).		
2.2	To ascertain the actual controls in place send a copy of the ICEAP to the auditee and make an appointment to visit them to agree the actual controls.		
2.3	Record the actual controls in place as per management on the ICEAP at the meeting using your laptop where possible to reduce re-working.		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS

No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
2.4	Compare the actual controls against the expected controls.		
2.5	Where there is no control or the control is unsatisfactory, record this as a finding and make an appropriate recommendation.		
2.6	Where the control appears to be satisfactory identify your testing and complete the testing section within Galileo.		
2.7	Agree test programme and prioritisation of the tests with Principal/Senior Auditor.		
2.8	Conduct tests and record results in Galileo in the Testing sections, attaching working papers where appropriate. Use IDEA where possible to select samples and also to carry out tests.		
2.9	Monitor time closely to ensure planned days are not exceeded. Ensure you leave yourself with some contingency days to undertake follow up work needed after the Draft Report and working papers have been reviewed by Principal/Senior.		
2.10	If you think you will exceed your planned days, you need to discuss progress with your Principal/Senior to review the scope and testing plan for the audit.		
2.11	Update the ICEAP with test results in terms of concise findings and recommendations.		
2.12	Discuss findings and recommendations with key auditee(s). Do not indicate what level of assurance may be allocated at this stage, in case it is altered when it is reviewed.		
3	REPORTING		
3.1	Produce the Draft Report comprising of Executive Summary, ICEAP and appropriate audit opinion.		
3.2	Ensure all required documents in respect of		

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	the audit are scanned into Galileo and stored in the working papers section.		
3.3	Pass the completed work and Draft report to Principal/Senior Auditor for review.		
3.4	Review notes compiled by Principal/Senior Auditor and followed up by Auditor concerned.		
3.5	If any HR or legal issues have been identified as part of the audit please arrange to speak to the AED Legal Services or People and Workforce Development for clarification. The objective here is to ensure that Legal agree with the auditee and that HR can give consideration to issues highlighted as there may be wider implications.		
3.6	Auditor to start completion of the Job Appraisal Sheet.		
3.7	Send Draft Report to each Auditee via e-mail, stating that they will be contacted to arrange a closure meeting to discuss the report and obtain management responses. Inform auditee(s) that they will be expected to have prepared responses to the recommendations and completed the action plan prior to the closure meeting.		
3.8	If a LOW Level of Assurance is given ensure that the appropriate AED is sent a copy of the Draft Report.		
3.9	Update Galileo accordingly.		
3.10	Arrange Closure Meeting within two weeks (of issue date) with all auditees responsible for implementing the recommendations (Principal/Senior Auditor to attend as appropriate).		
3.11	Attend Closure Meeting. At the meeting check again with all present whether there are any: <ul style="list-style-type: none"> • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council 		

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No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
	<ul style="list-style-type: none"> • HR Issues • Confirm the Executive Member and/or Assistant <p>Also check again with Insurance to ensure there are no insurance issues/claims?</p>		
3.12	If there are any issues the audit must be discussed with the Head of Risk Management and Audit Services.		
3.13	Compile Final Report, incorporating management responses within the Action Plan. (Also, action to be taken by whom and by when)		
3.14	Final Report reviewed by Principal/Senior Auditor.		
3.15	If any Legal or HR implications (or references to Legal/HR) have come to light in any of the management responses these must be referred to Aileen Johnson and Tracy Brennand for clearance before the AED/ED is asked to sign off the report.		
3.16	Final Report to be signed off by AED/ED – Ask AED/ED if any: <ul style="list-style-type: none"> • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • To confirm the Executive Member and/or Assistant <p>Also check again with Insurance to ensure there are no insurance issues/claims?</p>		
3.17	Email Final Report to Head of Risk Management and Audit for review before it is issued. If no response is received within two weeks send a reminder email.		
3.18	Once review points have been cleared email Final Report in PDF format to: Auditees Executive Director/Assistant Executive Director,		

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No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
	Chief Executive (SP) Monitoring Officer (SS) Section 151 Officer (BJ) Executive Member(s)/Assistant Head of Resource Management External Audit		
3.19	If the Level of Assurance is LOW email a copy of the report to Councillors Jim Fitzpatrick and Bill Fairfoull.		
3.20	Update Galileo accordingly, ensuring that the Level of assurance is entered correctly and that a copy of the Final Report is saved.		
3.21	Email Customer Questionnaire (CQ) and update Galileo accordingly. Add calendar date for follow up in two weeks.		
3.22	If CQ is not returned within two weeks of issue, chase it up and ensure receipt of completed questionnaire. Any problems should be reported to Principal/Senior Auditor.		
3.23	Enter date of receipt and CQ results into Galileo.		
3.24	Job Appraisal Sheet to be completed and discussed with Auditor.		
3.25	Ensure that Galileo has been updated, a copy of the Final Report uploaded and the Level of Assurance recorded correctly.		
3.26	Auditor to schedule the PAR in calendar for three or six months time depending on level of assurance given.		
3.27	Update the PAR Spreadsheet with details.		
3.28	Scan the completed QCC into Galileo		
4	FOLLOW UP		
4.1	Before a Post Audit Review (PAR) is allocated, the Principal Auditor needs to speak to the relevant AED and ask if the PAR is still relevant and whether there are any		

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	<p>issues in the area preventing us from doing the work.</p> <p>Need to ascertain from the AED if there are any:</p> <ul style="list-style-type: none"> • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • To confirm the Executive Member and/or Assistant <p>Principal Auditor to also check with Insurance to ensure there are no insurance issues/claims.</p>		
4.2	Principal Auditor to determine the number of days for the PAR and update Galileo accordingly.		
4.3	When allocated with a PAR issue the Post Audit Review documentation to the responsible Officers.		
4.4	Update the PAR spreadsheet.		
4.5	Arrange a meeting to discuss the PAR and obtain confirmation of what action has been taken.		
4.6	Conduct PAR, based upon information obtained/ received. Ensure that adequate testing is undertaken and evidence is obtained and uploaded on to Galileo to support implementation of the recommendation(s).		
4.7	Compile PAR, incorporating management responses and Internal Audit Findings.		
4.8	PAR reviewed by Principal/Senior Auditor.		
4.9	If any Legal or HR implications (or references to Legal/HR) have come to light these must be referred to Aileen Johnson and Tracy Brennan for clearance before the AED/ED is asked to clear the report.		

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No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
4.10	Obtain sign-off from AED/ED - Ask AED/ED if any complaints, ombudsman complaints or HR issues are ongoing which may be affected if the PAR were to be issued.		
4.11	Email a copy of PAR to the Head of Risk Management and Audit for comments. Indicate the Level of Assurance given at the audit and whether it contains any outstanding significant recommendations that need to be reported to the Audit Panel or Greater Manchester Pension Fund's Local Board. If no response is received within two weeks send a reminder email.		
4.12	Once review points have been cleared issue PAR (in PDF Format) to all recipients of the Final Report.		
4.13	Update Galileo accordingly		
4.14	Update the PAR Spreadsheet accordingly.		
4.15	Save a copy of the finalised PAR in Galileo.		
4.16	If a follow up PAR is needed, schedule in calendar, update Galileo and the PAR Spreadsheet accordingly.		
4.17	Scan the completed QCC into Galileo		
4.18	When the follow up PAR is due, follow steps 4.1 – 4.17 if applicable.		

Please Note

The corporate standard for report writing is as follows:-

Arial 11
 Justified
 2cm Margins
 Date Format - xx Month 2015

Audit specific standards:-

Do not use '&'
 Do not use don't, haven't etc.

CUSTOMER SATISFACTION QUESTIONNAIRE

To:
Audit
Title:
Auditor:

Date:
Project
Ref:

In accordance with the concept of Continual Improvement, the Internal Audit Section is continually monitoring and striving to improve its methods of operation, with the aim of giving you a better service.

Part of this process involves obtaining your opinion on individual audits, the process adopted and the conduct of audit staff.

Your comments/feedback is important to us, not only will it be used to improve the audit process but also to identify training needs for individual auditors.

	Excellent	Good	Fair	Weak	Unsatisfactory
AUDIT PLANNING					
Consultation on audit coverage, process and timing					
AUDIT PROCESS					
Were interruptions to your operations kept to a minimum?					
How well did we achieve the scope and objectives?					
Did the audit cover the relevant business risks?					
QUALITY OF AUDIT REPORT					
Clarity of report					
How well did we communicate the findings of the audit prior to issuing the draft report?					
Accuracy of audit findings					
Value/practicality of audit recommendations					
TIMING					
Duration of the audit					
Timeliness of the draft audit report					
AUDITOR					
Communication with yourself and auditees.					
At the conclusion of the audit how well did the auditor understand the subject?					
Was the auditor responsive to what he/she was told?					
How well were queries that arose during the audit dealt with?					
EQUALITY					
During the audit process have you been treated fairly with regards to ethnicity, gender, disability, age, religion/belief and sexual orientation?					

If Unsatisfactory or Weak is selected please explain why. We cannot improve without knowing the reasons behind these lower scores.

- Was there anything about the audit that you especially liked/disliked?
- Do you have any comments about the format of the audit report?
- Was the audit useful?
- Was the audit relevant?
- Have you any suggestions as to how we can improve?

Signed

Date

**Thank you for taking the time to complete this questionnaire.
Please return it to Wendy Poole, Audit Manager in Room 2.33a or by email
(wendy.poole@tameside.gov.uk)**

INTERNAL AUDIT – PERFORMANCE TARGETS

CATEGORY	DESCRIPTION	NARRATIVE	HOW IT'S MEASURED	TARGET
COMPLIANCE	Public Sector Internal Audit Standards Compliance	Level of compliance with requirements of Public Sector Internal Audit Standards / Local Government Application Note	Annual Self-Assessment / External Assessment (5 yearly)	100%
OUTPUTS	Audit coverage	% of Plan Complete	Audit time recording / workflow management system	90%
OUTPUTS	Audit Impact	% Recommendations Implemented	Audit time recording / workflow management system	90%
QUALITY	Customer Satisfaction	90% of customers "satisfied ≥ 65%"	Customer Satisfaction Questionnaire	100%
OUTPUTS	Fraud Cases	No. of Irregularities Reported/Investigated	Audit time recording / workflow management system	Downward Trend