SOUTHERN INTERNAL AUDIT PARTNERSHIP

Quality Assurance
&
Improvement Programme

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1. Introduction

The quality assurance and improvement programme [the QAIP] has been produced to evaluate the Southern Internal Audit Partnership [SIAP] conformance with the Global Internal Audit Standards in the UK Public Sector[1], achieve established performance measures, and pursues continuous improvement.

The programme includes the requirement for both internal and external assessments.

2. Relevant Standards

Standard 8.3 Quality - requires the Head of SIAP to develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The program includes two types of assessments:

- o External assessments.

- o Internal assessments.

At least annually, the Head of SIAP must communicate the results of the internal quality assessment to the Audit Committee (or equivalent) and senior management.

The results of the external quality assessments must be reported when completed. In both cases, such communications should include:

- o The internal audit function's conformance with the Standards and achievement of performance objectives / measures.

- o If applicable, compliance with laws and/or regulations relevant to internal auditing.

- o If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement.

The GIAS in the UK Public Sector includes 'Essential Conditions' that Audit Committees (or equivalent) and Senior Management should be aware of.

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[1] The global Internal Audit Standards in the UK Public Sector conforms of the Global Internal Audit Standards, the Application Note: Global Internal Audit Standards in the UK Public Sector and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (the Code)

Regarding the QAIP the essential conditions are as follows:

Audit Committee (or equivalent)

- o Discuss with the chief internal auditor the quality assurance and improvement program.
- o Approve the SIAPs performance measures at least annually.
- o Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:

    - o Reviewing SIAPs performance objectives / measures, including its conformance with the Standards, laws and regulations; ability to meet the internal audit mandate; and progress towards completion of the internal audit plan.
    - o Considering the results of SIAPs quality assurance and improvement program.
    - o Determining the extent to which SIAPs performance objectives / measures are being met.

Senior Management

- o Provide input on SIAPs performance objectives / measures.
- o Participate with the Audit Committee (or equivalent) in an annual assessment of the chief internal auditor and internal audit function.

3. External Quality Assessment [Standard 8.4]

The Head of SIAP must develop a plan for an external quality assessment and discuss the plan with the senior management and the Audit Committee (or equivalent).

The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

The Relevant Internal Audit Standard Setters (RIASS) in their Application Note have determined that the qualification requirement in GIAS 8.4 should be replaced by a more comprehensive qualification requirement within the public sector.

The enhanced expectation within the public sector is that at least one person has the characteristics outlined for qualification as a chief internal auditor.

The RIASS consider that such a person would normally understand the GIAS commensurate with the Certified Internal Auditor designation, including internal audit relevant continuing professional development and an understanding of how the GIAS are applied in the UK public sector. These matters must be considered as part of the selection process.

The essential conditions for the external quality assessment are as follows:

Audit Committee (or equivalent)

o Discuss with the chief internal auditor the plans to have an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.
o Collaborate with senior management and the chief internal auditor to determine the scope and frequency of the external quality assessment. Consider the responsibilities and regulatory requirements of the internal audit function and the chief internal auditor, as described in the internal audit charter, when defining the scope of the external quality assessment.
o Review and approve the chief internal auditor's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
    o The scope and frequency of assessments.
    o The competencies and independence of the external assessor or assessment team.
    o The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.
o Require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor.
o Review and approve the chief internal auditor's action plans to address identified deficiencies and opportunities for improvement, if applicable.
o Approve a timeline for completion of the action plans and monitor the chief internal auditor's progress.

Senior Management

o Collaborate with the Audit Committee (or equivalent) and the chief internal auditor to determine the scope and frequency of the external quality assessment.
o Review the results of the external quality assessment, collaborate with the chief internal auditor and Audit Committee (or equivalent) to agree on action plans that address identified deficiencies and opportunities for improvement, if applicable, and agree on a timeline for completion of the action plans.

4. Internal Quality Assessment [Standard 12.1]

The Head of SIAP must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards in the UK Public Sector and progress toward performance objectives / measures.

The Head of SIAP must establish a methodology for internal assessments that includes:

- o Ongoing monitoring of SIAPs conformance with the Standards and progress toward performance objectives / measures.
- o Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices to evaluate conformance with the Standards.
- o Communication with the Audit Committee (or equivalent) and senior management about the results of internal assessments.

Based on the results of periodic self-assessments, the Head of SIAP must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions.

Internal assessments must be documented and included in the evaluation conducted by an independent third party as part of the external quality assessment.

If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the Head of SIAP must disclose to the Audit Committee (or equivalent) and senior management the nonconformance and its impact

5. On-going Monitoring

Whilst periodic internal self-assessments and external quality assessments are a key expectation of the GIAS in the UK Public Sector, the SIAP aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. This is achieved through a range of initiatives including:

- o On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success
- o On-going development of a constructive working relationship with other assurance providers to maintain a cooperative assurance approach.
- o A tailored audit approach using a defined methodology and assignment documentation.

- o Review and quality control of all internal audit work through key review gateways within the audit process by professional qualified senior staff members.
- o Regular one to one meetings between staff and line management to monitor performance
- o On-going performance management (through the Valuing Performance Framework)
- o Quarterly reporting to the Audit Committee (or equivalent) and senior management which includes progress against the internal audit plan, summaries of key issues, monitoring of the implementation of management actions and updates on internal audit performance measures.

6. Communication of QAIP Progress and Outcomes

In accordance with the GIAS in the UK Public Sector the chief internal audit will communicate the outcomes of the quality assurance and improvement programme to the Audit Committee (or equivalent) and senior management and will include as a minimum:

- o The outcome of internal quality assessments
- o The outcome of external quality assessments
- o Any non-conformance with the GIAS in the UK Public Sector
- o Actions to address any potential areas of non-compliance with the GIAS in the UK Public Sector
- o Quarterly updates (through the Internal Audit Progress Report) of the SIAPs performance measures

7. QAIP Action Plan

The Quality Assurance & Improvement Programme - Action Plan at Appendix A presents SIAPs plans to address areas of non-compliance with the GIAS in the UK Public Sector and opportunities for improvement.

Updates on progress against the implementation and outcomes of actions will be presented periodically to the Audit Committee (or equivalent) and Senior Management.

Quality Assurance & Improvement Programme – Action Plan

Ref.	Action	Action Owner	Target Date	Detail
Non-Conformance with the GIAS in the UK Public Sector				
N/A	N/A	N/A	N/A	N/A
Opportunities for Improvement				
1	Work with partners organisations to facilitate completion of action plans to implement the expectations of the Code of Practice for the Governance of Internal Audit in Local Government	SMT	Dec 25	CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside new internal audit standards and is aimed at those responsible for ensuring effective governance arrangements for internal audit: o The body or individual charged with governance – this includes the police and crime commissioner and chief constable (corporations sole) in policing or full body of the authority. o The audit committee, the primary committee that may hold some delegated responsibilities towards internal audit. o Senior management of the authority, including the statutory officers, head of paid service, monitoring officer and section 151/section 95 officer that hold responsibilities for governance. SIAP have developed an action plan to work with each of our Partners to both raise awareness of the CoP and to facilitate the implementation of key actions to enhance compliance at an organisational level

Ref.	Action	Action Owner	Target Date	Detail
2	Further explore the 'should' and 'may' aspects of the GIAS to optimise good practice. Extend to review 'Topical Requirements' which are not considered mandatory within the public sector	Neil Pitman, Head of SIAP / SMT	Aug 26	The Standards use the words 'should' and 'may' to specify common and preferred practice (non-mandatory). Initial focus has been placed in ensuring SIAP have in place the mandatory requirements. Work to be undertaken to optimise the full potential of the GIAS to enhance the SIAP offer.
3	Continue to develop K10 to optimise SIAP efficiencies and effectiveness.	Peny Knowles, Deputy Head of SIAP / Keith Phillips, Assistant Head of SIAP	Apr 26	A new internal audit software solution was implemented in April 2024. Significant progress has been made to configure the system to optimise efficiencies and user experience. Work continues to enhance the software to complement the requirements of GIAS in the UK Public Sector and to streamline processes. o Touch button report (assignment, progress, action tracking, monitoring etc.) o Automated action tracking (HCC as pilot) o Performance measure reporting o AI functionality
4	Review and update the Partnership website	Neil Pitman, Head of SIAP	Apr 26	Coordinate a Task & Finish Group to review and update the SIAP website and organisational intranet sites to ensure they are reflective of existing practices and operate as an appropriate shop window for stakeholders (existing and potential).
5	Explore the opportunities presented from the use of AI in the audit process	Neil Pitman, Head of SIAP	Aug 26	The evolution of AI presents a range of opportunities to enhance and breed efficiencies into internal audit processes. In particular: o Report writing o Risk identification o Foresight o Identification of themes / trends

Southern Internal Audit Partnership – Performance Measures

Performance Measure	Regularity	Target
1. **Percentage of the agreed audit plan completed (issue of draft / final report)**	Ongoing	90%
2. **Audits delivered within agreed timescales (% year to date)**		
o To issue of draft report	Ongoing	80%
o To issue of final report	Ongoing	80%
3. **Conformance with the Global Internal Audit Standards in the UK Public Sector**	Annual	Conforms
4. **Audits conducted optimising the effective use of data analytics (% year to date)**	Ongoing	60%
5. **Stakeholder satisfaction (annual survey)**		
o Audit Committee	Annual	90%
o Senior Management		90%
o Key Contacts		90%
6. **Internal audit effectively communicates with key stakeholders**		
o Audit Committee	Annual	90%
o Senior Management		90%
o Key Contacts		90%
7. **Sufficiency of input to and discussion of the internal audit plan**		
o Audit Committee	Annual	90%
o Senior Management		90%
8. **Appropriate focus on key risks**		
o Audit Committee	Annual	90%
o Senior Management		90%
o Key Contacts		90%