



**STOCKPORT**  
METROPOLITAN BOROUGH COUNCIL

# Internal Audit Service

## Quality Assurance and Improvement Programme (QAIP) Framework

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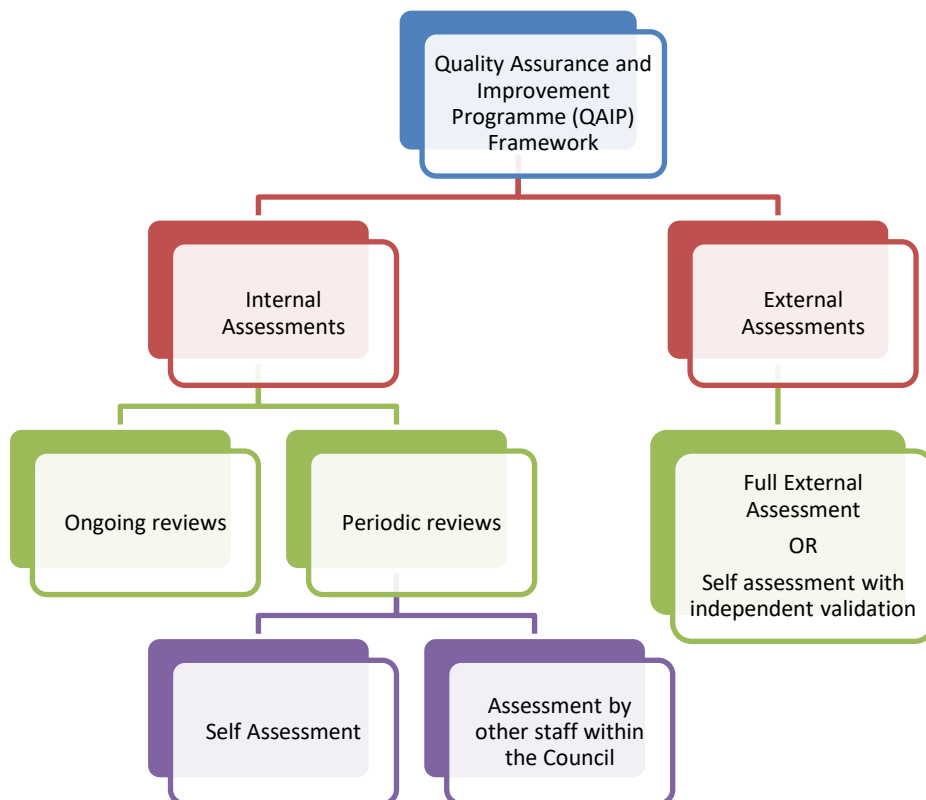
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# 1. Introduction

1.1 Internal Audit's Quality Assurance and Improvement Programme (QAIP) Framework is designed to provide reasonable assurance to the various stakeholders (the Audit Committee, Corporate Leadership Team (CLT), the Director of Finance (Section 151 officer) and service departments) that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards), Definition of Internal Auditing and Code of Ethics
- Operates in an effective and efficient manner
- Is perceived by stakeholders as adding value and improving Internal Audit's operations.

1.2 The Internal Audit's QAIP Framework cover all aspects of the Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and improvement Programme).



1.3 The Head of Internal Audit is responsible for the QAIP, which covers all types of Internal Audit activities, including consulting services.

## 2. Internal Assessments

2.1 In accordance with PSIAS Standard 1311, 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.
- Professional peer reviews of a sample of engagements.
- Regular, structured, and documented reviews of working papers and draft reports by Internal Audit management on a risk assessed basis.
- Audit Policies and Procedures as set out in the Audit Manual used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards.
- Feedback from audit clients obtained through customer satisfaction surveys at the closure of each engagement.
- Monitoring of internal performance to feed into regular reporting to the Corporate Leadership Team and the Audit Committee.
- Review and approval of all Final Reports, recommendations and levels of assurance by the Head of Internal Audit or Audit Manager.

### Periodic Reviews

2.3 Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, the PSIAS' 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:

- Semi-annual work paper reviews by the Head of Internal Audit of a sample of engagements for performance in accordance with the Internal Audit Manual and with the Standards
- Annual performance evaluation form to Corporate Directors
- Annual risk assessments for the purposes of annual audit planning;
- Annual review of the Effectiveness of Internal Audit, undertaken by the Head of Audit;
- Annual review of Internal Audit compliance against the requirements of this Quality Assurance and Improvement Programme
- Feedback from the Chief Executive and Chair of the Audit Committee to inform the annual appraisal of the Internal Audit and Risk Manager, in accordance with Standard 1100
- Annual self-review of conformance to the PSIAS.

## 3. External Assessments

3.1 In accordance with PSIAS Standard 1312, external assessments will appraise and express an opinion about internal audit's conformance with the PSIAS' 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 PSIAS. The type of external assessment to be commissioned will be decided by the Head of Internal Audit in consultation with the Audit Committee. Appointment of the External Assessor and scope of the External Assessment will be approved by the Audit Committee.

#### **Scope of External Assessment**

- 3.3 The external assessment will consist of 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 Stockport Council'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 to Stockport Council.

## **4. Reporting arrangements**

#### **Internal Assessments**

- 4.1 Results of ongoing reviews will be reported regularly throughout the year as Internal Audit progress reports to the CLT, CCG and Audit Committee in accordance with the committee meetings cycle.
- 4.2 Results of periodic internal assessments will be reported to the CLT, CGG and Audit Committee at least annually.
- 4.3 The Head of Internal Audit will implement appropriate follow-up to any identified actions to ensure continual improvement of the service, through an Action Plan. This will be incorporated within the Internal Audit Annual Report.
- 4.4 Any significant areas of non-compliance with the PSIAS that are identified through both types of internal assessments will be reported in the Internal Audit Annual Report and used to inform the Annual Governance Statement (AGS).

#### **External Assessments**

- 4.5 Results of external assessments will be provided to the CLT, CGG and the Audit Committee. The external assessment report will be accompanied by a written action plan in response to significant comments and recommendations identified.
- 4.6 Any significant areas of non-compliance will be reported in the Annual Report of the Head of Internal Audit and in the Annual Governance Statement (AGS).

**Follow-up**

- 4.7 The Head of Internal Audit will implement appropriate follow-up actions to ensure that recommendations made in the report and action plans developed are implemented in a reasonable timeframe.

**5. Review of Quality Assurance and Improvement Programme (QAIP) Framework**

- 5.1 This document will be subject to periodic review and will be updated accordingly following any changes to the PSIAS or internal audit's operating environment and will be reviewed regularly. If there are no changes to the PSIAS or IA's operating environment, this document will be reviewed at least on a tri-annual basis.