



QUALITY ASSURANCE AND PERFORMANCE MANAGEMENT

Introduction

The Bridgend & Vale Internal Audit Shared Service (B&V IASS) has formally adopted the Public Sector Internal Audit Standards (PSIAS), which became mandatory for Local Government bodies in 2013-14. The work of Internal Audit should be controlled at each level of operation to ensure that a continuously effective level of performance, compliant with the PSIAS, is being maintained. The PSIAS provide quality criteria in relation to internal audit activities, against which the performance of these activities can be evaluated. Internal Audit should be compliant with the PSIAS and achieve its objectives in order to sustain a commentary on compliance with these standards in the annual audit report.

The Quality Assurance Improvement Programme (QAIP) (Standard 1300) is about establishing a culture of continuous improvement. The QAIP, as outlined in the PSIAS, has been designed in conjunction with the Institute of Internal Auditors (IIA) to assist in raising standards and applying this across the public sector to bring about consistent improvement.

Within the B&V IASS assurance and improvement are of equal importance, involving planning activities followed by reflection and action to enable improvement. Quality will be built into the way we work and include every-day actions such as supervision, monitoring performance, checklists and customer feedback. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. This is to be achieved through both internal assessment (PSIAS-1311) and external assessment (PSIAS-1312).

Management Responsibility

The Head of Audit (Chief Audit Executive) should implement a QAIP process designed to gain assurance through both internal and external review.

The Head of Audit should ensure that assignments are allocated to staff with the appropriate skills, experience and competence. Assignments can thus be measured against pre-determined performance measures and criteria.

The Head of Audit should ensure that Internal Audit staff at all levels are appropriately supervised throughout all audit assignments to monitor progress,

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assess quality and coach staff. The extent of supervision will depend on the experience and training of the individual auditor.

The Head of Audit should establish policies and procedures to guide staff in performing their duties and ensure they conform to the PSIAS.

The Internal Audit function should be subject to an ongoing process of appraisal and supported development, designed to identify both good performance and any areas in which improvement or training is required. The Head of Audit will have liaised with senior management and the Audit Committee to set out the type, nature and timing of the assessments listed below. This will be periodically reviewed to ensure ongoing suitability. The outcome of these assessments will be reported to the Audit Committee (the Board) as required.

Types of Quality Assurance and Assessment

Within the B&V IASS, the Head of Audit is responsible for the QAIP, which covers all types of Internal Audit activities. Under the QAIP, quality should be assessed at both an individual audit engagement (assignment) level as well as at a broader internal audit activity level (i.e. covering the internal audit service provision.)

Internal Assessments (Standard 1311)

The PSIAS state that internal assessments must include ongoing monitoring of the performance of the internal audit activity; and periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.

B&V IASS achieves this by:

- **The Post-Audit Assessments** - undertaken by the Principal Auditor overseeing the audit or the Head of Audit, (following the completion of each audit assignment);
- **Quality Reviews** – undertaken by Head of Audit on an ad hoc basis of completed assignments; (Note- all Limited / No Assurance reports will be reviewed by the Head of Audit as a matter of course).
- **Client Satisfaction Surveys** - Feedback from the client following each audit assignment. Any not achieving a satisfactory standard will be followed up by the Principal Auditor or Head of Audit with the service manager;
- **Internal Audit Outturn Monitoring** - Analysis of monthly outturn data, which is reported to the Audit Committee and relevant Chief Officers on a quarterly basis / in line with the Audit Committee timetable;
- **Annual PSIAS Assessment** - An annual internal assessment of Internal Audit's conformance with the PSIAS and CIPFA's Local Government Application Note with an improvement plan produced to address any areas of non-conformance identified;
- **Benchmarking with other Welsh Local Authorities** - Annual benchmarking exercise with other Internal Audit service providers covering both quantitative and qualitative aspects of service provision.

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External Assessments (Standard 1312)

PSIAS-1312 states that external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. It also states that the Chief Audit Executive (Head of Audit) must discuss with the Board (Audit Committee) the form of external assessments and the qualifications/independence of the external assessor or assessment team, including any potential conflict of interest.

The external assessment will, as a minimum, encompass the following elements of Internal Audit activity in its scope: -

- The extent to which audit practice and activity confirms with the Authority's Charter, , Internal Audit Code of Ethics, regulations, policy and procedures and ultimately the PSIAS
- Tools and techniques employed by Internal Audit;
- An assessment of whether the expectation of Internal Audit has been met by the organisation (senior officers and members) including whether audit activity adds value and improves operations within the authority;
- An assessment of the skills, knowledge and experience within the audit team and whether they are appropriate for the role; and
- A review of how well Internal Audit activity is woven into the wider governance arrangements.

All instances of non-conformance must be reported to the Board.

Performance Management

In order to monitor the effectiveness of the B&V IASS, the Audit Committee, in conjunction with the IASS should establish and maintain appropriate performance indicators to measure the work of the department. The performance indicators for the IASS are:

- Percentage of audits completed in planned time; (target of 89.7%)
- Percentage of productive days completed; (target of 100%)
- Percentage of Post Audit Assessment scores of 4 and above; (target of 85%)
- Percentage of audits completed with satisfactory feedback; (target of 80%)
- Percentage of professionally qualified auditors (CCAB or equivalent); (target of 50%)
- Number of working days lost due to sickness per FTE. (target of 5.8 for 16/17 for Resources Directorate)

The outcome and monitoring of these PI's will be reported to Audit Committee, the IASS Board and the relevant CMT/CMB.

Performance reviews are also undertaken with individual staff members as part of the Council's Performance Development Reviews (PDRs) process. The IASS has adopted the Vale of Glamorgan Council's PDRs process, which is completed bi-

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annually with each member of the team. More detailed information on the process and its coverage can be found on the Vale of Glamorgan Council's Staffnet page.

Improving Performance

The Head of Internal Audit needs to ensure that the performance of his or her service improves over time, both in terms of measurement against indicators and generally in terms of quality of the service provided to the user. No Internal Audit section attains or remains excellent unless it is following a continuing process of development and improvement.

In order to drive continuous improvement, a Skills and Competencies Framework in line with CIPFA guidance is being developed for all staff / management to complete relevant to their grade. The outcome of this process will help to identify skills gaps within the department and / or training requirements of individuals. This will feed into the annual appraisal process.

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BRIDGEND AND VALE INTERNAL AUDIT SHARED SERVICE POST AUDIT ASSESSMENT

Auditor Assigned:

Title of Audit:

Audit APACE Ref	Start Date	Date draft Report issued	Budget Days	Amended Budget	Actual Days	Reasons For Overrun

To be completed at Draft report stage.

Note:

This post-audit assessment should be fully completed by the supervisor/manager and discussed with the auditor and immediately following the completion of the audit review.

This document should be completed within one week of the review of the draft report.

The post-audit assessment will be used to identify training and development needs of the auditor and develop and improve procedures within the internal audit section.

Section 1

Please ensure that the relevant boxes are ticked. Where either Column B or C is ticked; a comment must be included by the Reviewer in consultation with the Auditor.

	Yes	No	In Part	Comments
	A	B	C	
KEY CRITERIA				
1. Scope and Objectives Met:				
1.1 Auditor has understood the audit.				
1.2 Auditor has covered the areas sufficiently.				
2. Working Papers and Evidence				
2.1 Good standard of working papers.				
2.2 All working papers referenced appropriately.				
2.3 Working papers are easy to follow and sufficiently detailed.				
2.4 Sufficient Evidence has been obtained and is all relevant.				
3. Testing				
3.1 Risks identified.				
3.2 Thorough, comprehensive, meaningful and accurate tests undertaken.				

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3.3 Well documented to address risks.				
4. Report				
4.1 Correct conclusions drawn from the findings.				
4.2 Good standard of report writing.				
4.3 Report is both timely and accurate.				
4.4 Appropriate recommendations have been made.				
4.5 The appropriate assurance level has been given.				
5. Other				
5.1 Auditor has identified areas of improvement in terms of efficiency and effectiveness.				
5.2 The Auditor has identified measurable savings for the client.				
5.3 Has the original Budget allocation been exceeded?				
5.4 Has the audit been completed within the agreed (revised) Budget Allocation?				

Section 2

Based on the responses above an overall assessment of 1 to 5 should be made. If the Auditor is in disagreement then their comments must be included.

ASSESSMENT CRITERIA

1 = none of the key criteria have been achieved. Scope and objectives either not understood by the Auditor or not met, over budget, poor quality working papers, insignificant testing.

2 = elements of the key criteria have been met however, scope and objectives not fully understood as demonstrated by review queries made.

3 = achieved key criteria but budget exceeded for no valid reason and/or report untimely and needed some amending.

4 = achieved key criteria, budget achieved or reduced and report issued in a timely manner.

5 = All key criteria met as set out in 4 above and an excellent report produced covering a very complex area. Very few review points required.

OVERALL ASSESSMENT BASED ON ABOVE	SCORE =
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To be completed jointly (during feedback meeting) by the auditor and the supervisor / manager.

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Summary of areas where competency level exceeded expectation (score 5)

Summary of areas for development (Score 1, 2 and 3)

Action plan (including areas where specific training is needed and objectives for the next audit).

Sign and date when comments agreed:

Auditor

Principal Auditor / CIA

By signing the PAA, the Auditor is declaring that any information obtained during the course of the audit will not be used for personal gain.