

Internal Audit & Counter Fraud Shared Service
Medway Council & Gravesham Borough Council

Internal Audit Quality Assurance & Improvement Programme (QAIP)

Reviews & Revisions

	Date	Changes
1.	February 2025	Document created in line with introduction of GIAS.

1. Introduction

Internal audit services are delivered to Medway Council and Gravesham Borough Council by the Internal Audit & Counter Fraud Shared Service, which was formed on 1 March 2016.

The Internal Audit & Counter Fraud Shared Service recognises and commits to adhere to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF), including the Global Internal Audit Standards ('the Standards'), as well as the requirements of the Application Note: Global Internal Audit Standards in the UK Public Sector.

The Standards require that the Chief Audit Executive:

- Develops objectives to evaluate the internal audit function's performance, which consider the input and expectations of senior management and the Audits Committees and are approved by the Audit Committees at least annually.
- Develops a performance measurement methodology to assess progress towards achieving the internal audit function's objectives and to promote the continuous improvement of the internal audit function.
- Develops, implements, and maintains a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit function and includes two types of assessment: internal assessments and external assessments.
- Develops a plan for external quality assessments that must be performed at least once every five years by a qualified, independent assessor or assessment team.
- Develops and conducts internal assessments of the internal audit function's conformance with the Standards and progress toward performance objectives.
- Establishes and implements methodologies for engagement supervision, quality assurance and the development of competencies.

Quality is considered a combined measure of conformance with the Standards and the achievement of the internal audit function's strategic and performance objectives. Therefore, this QAIP is designed to meet the requirements of the Standards, as well as to evaluate and promote the internal audit function's conformance with the Standards, achievement of its objectives, and pursuit of continuous improvement.

The QAIP will be reviewed with senior management and the Audit Committees on an annual basis.

2. Supervision & Quality Management

The Internal Audit team is structured to ensure that all Internal Auditors are appropriately supervised and supported to deliver their work. Robust supervision arrangements are built into every stage of the assurance and advisory engagement processes, to ensure that the internal audit function delivers consistent and high-quality services to both councils:

- The Internal Audit team works to an agreed process, developed in consultation with key stakeholders, which is delivered through standard template documents and is supported by a procedure manual. The process, templates and manual are all subject to periodic review.
- Routine supervision and one to one arrangements are in place to support Internal Auditors in planning and delivering all internal audit services.
- Arrangements are in place for a supervisory review to be completed to approve the Audit Planning Document and Terms of Reference (TOR) for each engagement, prior to the TOR being circulated to key stakeholders.
- Arrangements are in place for a supervisory review to be completed to approve the Engagement Work Programme (EWP) for each engagement, prior to the fieldwork starting.

- Arrangements are in place for a supervisory review to be completed of the fieldwork for each engagement, as documented in the Control Evaluation Matrix (CEM), prior to the results being communicated to key stakeholders. For assurance engagements, the supervisory review confirms:
 - The CEM (and supporting evidence) is accurate, relevant, and complete.
 - The Internal Auditor has identified, documented, and analysed, relevant, reliable, and sufficient information as part of the fieldwork to give assurance that controls (or appropriate alternatives) are in place, adequately designed and working effectively in practice and / or identify control weaknesses.
 - Control weaknesses have been documented and evaluated to determine the root cause, potential effects (risks) and significance.
 - Conclusions are soundly based and supported by appropriate analyses and evaluations.
 - Suggested actions are practical and address the control weaknesses identified.
 - The Internal Auditor has maintained objectivity and confidentiality and exercised due professional care, professional courage and professional scepticism throughout the work carried out.
 - The engagement objectives have been met.
 - Work has been completed in compliance with the Standards.
 - The agreed engagement process has been followed.
 - Day allocations and target timescales have been met.
- A number of the above points are also confirmed as part of the supervisory review for advisory engagements, but not all apply due to the nature of the work.
- The CEMs for ten percent of assurance engagements completed annually (as well as the supervisory review) are subject to an additional quality control review by the Chief Audit Executive. These reviews may be directed to the most complex or potentially contentious areas of work.
 - Arrangements are in place for a supervisory review to be completed of all draft and final reports (including cross referencing the draft report to the Wash-up Meeting Record), and receive final clearance from the Chief Audit Executive, prior to issue to key stakeholders.

3. Internal Assessments

On an annual basis, the Chief Audit Executive, or a nominated designee, will conduct an internal self-assessment of the internal audit function's conformance with the Standards.

Results of the internal self-assessment will be shared with the wider Internal Audit team and reported to the senior management and Audit Committees of both councils, with arrangements to address identified areas of non-conformance detailed in an action plan.

Action taken towards addressing areas of non-conformance will be reported to the senior management and Audit Committees of both councils on an annual basis.

4. External Assessments

An External Quality Assessment (EQA) will be carried out at least once every five years, to independently assess the internal audit function's conformance with the Standards. This will be conducted by an appropriately qualified assessor or assessment team, independent of the councils to avoid any conflict of interest, although the requirement for an EQA may also be met through the independent validation of an internal self-assessment.

The scope of all EQAs will be agreed with the Section 151 Officers of both councils, as sponsors of the Internal Audit & Counter Fraud Shared Service, and the Chairs of the respective Audit Committees.

The internal audit function has been subject to EQA on two occasions, January 2018 and February 2023, although it should be noted that both of these were against the previous Standards, with the Global Internal Audit Standards only taking effect in January 2025. Both EQAs have been based upon independent validation of

internal self-assessments and have resulted in 'green' RAG-rated opinions, with benchmarking from the latter assessment suggesting the internal audit function was performing above average for the local authority sector. The results of these assessments have been shared with the senior management and Audit Committees of both councils.

EQAs will continue on a five-year cycle with the next EQA required to be undertaken around January/February 2028. Discussions around the selection of an appropriate assessor and the scope of the assessment will take place with the Section 151 Officers and Chairs of the respective Audit Committees early in the 2027-28 financial year.

5. Performance Measurement

To meet the requirements of the Standards, arrangements are in place to capture performance data across all aspects of the internal audit function.

Performance indicators designed to evaluate the overall performance of the internal audit function, progress toward achieving the strategic objectives identified in the Internal Audit Strategy, and the internal audit function's pursuit of continuous improvement, are outlined in the table below. Outturns for 2024-25 will be used as a baseline and improvements sought in relation to outturns from 2025-26 onwards.

Performance indicators relating to delivery of the Internal Audit Plans will be agreed as part of the Internal Audit Plans, and outturns reported as part of the progress update and annual reports, presented to the senior management and Audit Committees of both councils to detail progress against delivery of the agreed Internal Audit Plans.

Ref	Indicator
QAIP1	% Conformance with the Global Internal Audit Standards (based on internal self-assessment)
QAIP2	% of staff with a professional qualification relevant to their role
QAIP3	% of staff pursuing a professional qualification to support their career development within internal audit
QAIP4	Number of days spent on professional qualification training
QAIP5	Number of days spent on CPE/non-professional qualification training, learning & development (including corporate training)
QAIP6	% staff turnover
QAIP7	% of assurance engagements with fieldwork completed within target timescales
QAIP8	% of supervisory reviews of fieldwork for assurance engagements completed within target timescales
QAIP9	% of wash up meetings held/draft reports prepared for assurance engagements within target timescales
QAIP10	% of supervisory reviews of draft reports for assurance engagements completed within target timescales
QAIP11	% of assurance engagements subject to a second stage (CAE) quality control review, in addition to the primary supervisory review
QAIP12	% of assurance engagements completed within the agreed day allocation (includes planning, conducting, and communicating the engagement results)
QAIP13	Average number of days to complete each assurance engagement (includes planning, conducting, and communicating the engagement results)
QAIP14	Average cost per assurance engagement

Ref	Indicator
QAIP15	Total cost of internal audit function
QAIP16	Number of days spent on advisory services
QAIP17	% of positive feedback from satisfaction surveys received in relation to individual assurance engagements
QAIP18	Key stakeholder, senior management, and Audit Committee satisfaction with internal audit services

6. Monitoring and Reporting

As per the reporting arrangements identified in our Internal Audit Charter, the Chief Audit Executive will present an annual report to the senior management and Audit Committees of both councils providing an update on progress against delivery of the Internal Audit Strategy and communicating the results of the QAIP, including conformance with the Standards. The annual progress report will include:

- A summary of the internal audit function's performance against the indicator suite outlined above,
- The results of any internal and/or external assessments against the Standards,
- Progress against any action plans prepared to address areas of non-conformance with the Standards,
- Details of any other opportunities for improvement identified through the results of this QAIP.