

LCCIAS - Quality Assurance Improvement Programme – April 2019 – Annex 4

Role	Responsibilities (& actions required)	Evidence (& actions required)
<p>Head of Internal Audit Service Develop, maintain and report on a Quality Assurance Improvement Programme (QAIP)</p>	<ul style="list-style-type: none"> • Develop and maintain the governance structure for the Internal Audit Service including: <ul style="list-style-type: none"> ○ Internal Audit Strategy approved by Chief Financial Officer (CFO) (action #1) ○ Internal Audit Charter(s) – revised in line with IASAB changes when required and reported to Committees ○ Internal Audit Annual Service Plan ○ Counter Fraud Annual Work Plan ○ Combined Assurance Model • Develop and maintain internal audit policy and practice to ensure that they conform to the Mission, Purpose, Core Principles and Definition of Internal Audit, Code of Ethics and the Standards • Undertake an annual PSIAS self-assessment to ensure conformance • Annual self-assessment against the CIPFA Statement on the role of the Head of Internal Audit in Local Government (revised April 2019 so report to senior management & governance arenas in 2019) (#9). • Annually arrange, review and record staff: - <ul style="list-style-type: none"> ○ self-assessments against the Standards’ Code of Ethics – reminder to review and update ○ declarations of interest ditto • Ensure independent external quality assessment is performed at least once every 5 years • Maintain an improvement plan on the results of ongoing and periodic assessments of quality • Communicate the results of the QAIP to senior management and the appropriate bodies’ committees with responsibility for the 	<ul style="list-style-type: none"> • Roles and responsibilities are clearly identified in job descriptions/person specifications • Audit Charters approved by respective senior management and committees responsible for the internal audit function • Up to date guidance (but requires a new Audit Manual) (#2) • Annual PSIAS internal self-assessment and QAIP improvement plan (#3) • Head of Internal Audit Service annual report and opinion on governance, risk and control includes the results of the QAIP • Balanced Internal Audit Plan - appropriately resourced • Performance framework sets out requirements for people strategy and performance monitoring (#4). • Annual appraisal performance of HoIAS by AD Strategic Finance & Property (informed by others) and throughout the team using the corporate model (being revised summer '18) (#4) • HoIAS review of contentious,

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	<p>internal audit function namely: -</p> <ul style="list-style-type: none"> ○ Corporate Governance Committee – Leicestershire County Council ○ Finance & Audit Subcommittee and Management Committee – ESPO ○ Pension Board – Leicestershire Pension Fund ○ Corporate Governance Committee – Leicestershire Fire & Rescue Service ○ Audit & Risk Committee – Leicester City Council <ul style="list-style-type: none"> ● Report any significant non-conformance in the appropriate bodies' Annual Report and Annual Governance Statement. ● Inform any annual review of the system of internal audit undertaken by the organisation ● Undertake regular stakeholder communications to assess the degree to which the Internal Audit Service meets customer expectations (formal and informal) (#5) ● induction programmes, training plans (#6) and associated training activities ● maintain training records and training evaluation procedures ● ensure professional staff are completing their institutes' CPD (#7) ● the ongoing investment in tools to support the effective performance of internal audit work (for example data interrogation software) ● Undertake periodic benchmarking and/or obtain information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes – already done through national and midlands networks, TISONLINE, BGF, IIA, CIPFA, IFAC etc 	<p>sensitive draft reports and sign off</p> <ul style="list-style-type: none"> ● Rotation of team supervision / people

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<p>Head of Internal Audit Service Obtain periodic assurance that engagement planning, fieldwork conduct and reporting /communicating results adheres to audit standards</p>	<p>Periodic quality assurance assessments Review work performed to ensure conformance with the Mission, Purpose, Core Principles and Definition of Internal Audit, Code of Ethics and the Standards and LCCIAS policies and procedures – to include the following key stages (#7):</p> <p>Audit Process</p> <ul style="list-style-type: none"> ○ Ensure engagements were conducted in accordance with practice. ○ That the Audit Manager allocated the right people, with appropriate skills and experience, to perform the audit ○ Quality of engagement planning and supervision ○ Quality of working papers and evidence to support conclusions and recommendations. ○ Depth/scope of Audit Manager review points ○ Quality of communications of results and the final report ○ Assess how well the audit delivered and added value to governance, risk and control framework of the organisation <p>Performance</p> <ul style="list-style-type: none"> ○ Ensure the work was achieved within budgets (time/pace) ○ Achieved performance standards <p>People</p> <ul style="list-style-type: none"> ○ Ensure individual auditors are trained and developed with appropriate performance evaluations undertaken at audit engagement level and individual performance appraisal are completed 	<ul style="list-style-type: none"> ● Recording the outcome of ongoing QA – using standard checklist based on conformance with definition of IA, code of ethics and <i>Standards</i> on a sample of audits. ● Monitoring of the outcome of post audit debrief discussions ● Monitoring of the outcome of post audit questionnaire feedback – ● Monthly 1:1 for Audit Managers ● Annual performance appraisal and 6 monthly reviews completed ● Individual training and development plans ● Service training and development plan

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<p>Audit Managers Obtain on-going assurance that engagement planning, fieldwork conduct and reporting /communicating results adheres to audit practice standards</p> <p>Undertake engagement supervision and review to varying degrees</p>	<p>Ongoing monitoring – quality built into the audit process Quality checks and oversight undertaken throughout the audit engagement ensuring that processes and practice are consistently applied and working effectively. It covers the whole of the audit process but primarily these key stages:</p> <p>Engagement Planning</p> <ul style="list-style-type: none"> ○ Ensure that the audit engagement is allocated with the appropriate resources - right people with the right skills to identify significant issues ○ Provide suitable instructions at the outset of the engagement ○ Risks relevant to the activity under review have been assessed and the scope and coverage of the audit reflects this risk assessment ○ Exclusions are sensible ○ Other lines of defence have been identified and recoded ○ Approve the Terms of Engagement (ToE) prior to the commencement of the fieldwork <p>Fieldwork</p> <ul style="list-style-type: none"> ○ Ensure that audits are conducted as planned and that any (significant?) variations are approved in advance of undertaking them ○ Ensure that appropriate controls and tests are used to deliver the expected assurance results ○ Ensure the correct test score has been applied based on the evidence collated ○ Ensure that findings, conclusions and recommendations are 	<ul style="list-style-type: none"> ● ToE agreed with auditors & approved ● ToE monitored for delivery – budget and pace ● Sign off controls and tests to ensure compatible with the audit scope ● Review and sign-off working papers and draft report ● Supervision – 1:1 ● Completion of review check list ● Completion of post audit de-brief ● Review of customer feedback ● Quarterly progress meetings with large clients County, ESPO, Fire and City reports completed for each client ● Annual conflict of interest form & assessment at each audit engagement ● Assist HoIAS to follow up on HI recommendations and reporting to Committees ● Oversee Business Support Service follow up of audit recs

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	<p>adequately supported by relevant, reliable and sufficient evidence</p> <ul style="list-style-type: none"> ○ Ensure that appropriate working papers have been prepared and maintained – with information gathered is adequately described and retained. ○ That the evidence gathered identifies the cause and effect (impact) of the issues identified and their significance. ○ Ensure that work identified in the planning stage has been completed <p>Communicating results / report</p> <ul style="list-style-type: none"> ○ Ensuring that reports are accurate, objective, clear, concise and timely ○ Obtain assurance that key findings have been sufficiently communicated to the client so no surprises at the closure meeting ○ Review and sign off the draft report ○ Ensure high importance recommendations are re-tested to ensure implementation ○ For other recommendations ensure the Business Support Service is following up at the required time and gaining sufficient information to confirm implementation <p>Performance</p> <ul style="list-style-type: none"> ○ Ensure that the work is achieved within the resource budget (time budgets and date span) ○ Sign off Post Audit Debrief with individual auditor at the end of each audit engagement identifying opportunities for improvement at the audit and individual level <p>Monitor overall performance of team</p>	

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	<ul style="list-style-type: none">○ Develop and maintain audit schedule for each client○ Complete quarterly progress reports for each area of client responsibility○ Undertake regular liaison meetings with clients	

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<p>Auditors Behave at all times in accordance with the Code of Ethics / Code of Conduct. Conduct all audit engagements in accordance with audit practice standards Promote the standards and their use throughout the Internal Audit Activity Commitment to delivering quality services</p>	<p>Take full responsibility for the sufficiency of audit procedures to find out what could be reasonably found by a prudent and informed auditor.</p> <p>Display due professional care in the performance of their responsibilities – maintaining</p> <ul style="list-style-type: none"> ○ Integrity ○ Objectivity ○ Confidentiality ○ Competency <p>All work conforms to written policies and practice notes, including: -</p> <p>Engagement Planning</p> <ul style="list-style-type: none"> ○ Ensuring right resources used ○ Conduct (or be given by the Audit Manager) a preliminary assessment of the risks to the activity under review – identifying relevant information / potential significant issues ○ Determine the audit approach and scope of the review to enable the objectives of the audit engagement to be achieved and an assurance opinion to be given on the governance, risk and control arrangements of the activity. Agree this approach and the audit work plan with Audit Manager ○ Co-ordinate / correlate audit work with other sources of assurances ○ Develop and agree Terms of Engagement client brief – clearly articulating the assurance we intend to provide – scope of our work and any limitations (what we are not going to review) – 	<ul style="list-style-type: none"> ● Completion of relevant case management systems sections ● Working papers <ul style="list-style-type: none"> ○ System notes – with linked relevant information ○ Testing strategy / results ○ Review ● Draft report ● Post Audit De-Brief Document ● Post Audit Questionnaire ● Records of 1:1 and individual improvement actions ● Performance appraisal including training and development plan ● Completion of CPD where required (#7)

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	<p>ensure the ToE meets client expectations</p> <ul style="list-style-type: none"> ○ Adhere to planning practice standards <p>Fieldwork</p> <ul style="list-style-type: none"> ○ Adhere to working paper practice standards ○ Ensure that sufficient and relevant work has been performed to substantiate findings and that the information has been effectively reported to the client on a timely and factual basis. ○ Ensure that the steps identified in the audit plan and audit testing programme have been completed effectively ○ Identify sufficient, reliable, relevant and useful information to achieve the engagement objectives ○ Document relevant information to support testing results and the report ○ Ensure that conclusions and results are based on appropriate analyses and evaluations - should be factual, adequate and convincing so that a prudent, informed person would reach the same conclusions of the auditor. <p>Communicating results / report</p> <ul style="list-style-type: none"> ○ Adhere to reporting practice note ○ Communicate significant findings during the audit so no surprises at the closure meeting discussing the draft report ○ Draft audit report – meeting the engagement objectives and scope giving appropriate conclusions, recommendations and action plans. Provide an overall assurance opinion based on significance and importance of the finding / activity. ○ Ensure that reports are accurate, objective, clear, concise and timely 	

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	<p>Performance</p> <ul style="list-style-type: none"> ○ Audit engagement is delivered on time and within budget ○ Post audit debrief (PAD) is completed for all audit engagements identifying what's gone well, lessons learnt and any opportunities for improvement ○ Post Audit Questionnaire is completed for all audit engagements obtaining customer feedback ○ Audit work plan developed and agreed with Audit Manager 	

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<p>External Suppliers</p> <p>Deliver agreed internal audit reviews</p>	<p>Developed and maintain Quality Assurance Improvement Programme</p> <p>Audit Process</p> <ul style="list-style-type: none"> ● Provide draft report and supporting working papers ● Expected to follow our client engagement process and complete quality assurance documents 	<p>Confirmation that they conform to the PSIAS</p> <p>Complete:</p> <ul style="list-style-type: none"> ● planning document ● Audit check list ● Review check list ● Obtain feedback - Post Audit Questionnaire ● Post Audit Debrief

Actions (due date) following review and revision of QAIP in April 2019

1. Devise internal audit strategy to be approved by Chief Financial Officer (by end of September 2019)
2. Create an internal audit manual that adequately defines policy and procedures (September 2019)
3. Build on this inaugural QAIP improvement plan including considering peer review suggestions (ongoing)
4. Revise IAS performance framework in line with County corporate requirements (June 2019)
5. Develop more regular formal assessments of IAS quality and value with key stakeholders (June 2019)
6. Re-introduce formal training plans in APR process (June 2019)
7. Introduce formal checks on professional staff completing CPD (May 2019)
8. Re-introduce HoIAS periodic second review of engagement records (May 2019)
9. Report to SMTs/governance arenas the revised Role of HoIA in LG (July 2019)

Neil Jones, Head of Internal Audit & Assurance Service.....26th April 2019

Declan Keegan, AD Corporate Resources (Strategic Finance & Property).....26th April 2019

Note : See next page for training, development and professional networks attended during (mid October 2018 to 31 March 2019) as examples of continuing professional development

CIPFA Better Governance Forum

- Professional internal audit standards - Role of the HoIAS; Annual reports and the HoIAS opinion; widening the scope of internal audit
- Auditing culture & ethics; financial resilience; cyber risks; projects and efficiencies in audit planning
- Governance – role of the leadership team and audit committee; LEPs and financial resilience
- Ethical standards & governance; EA perspective on governance; Review of AGS and local codes and LA governance (NAO)

Networks

- National/Midlands HoIAS groups – pension pooling; risk appetite; use of data analytics; provide input to the NAO study on LA governance and accountability; procurement fraud; GDPR compliance; forming the HoIAS opinion
- Contract audit group – including Public Health contracts
- Information technology audit group – GDPR; use of data analytics; payment card industry related controls
- Local Audit Quality Forum –EA’s guidance to risks and assurances for financial resilience and sustainability

Institute of Internal Auditors – ICT Audit update

- Emerging Technologies; Operational Resilience; Cyber Resilience; 3rd Party Assurances and Digital Transformation

CIPFA Data Analytics for Fraud

- Current risks within the Counter Fraud Strategy; Understanding the power of data; Approaches to using Data Analytics; Understanding the use of technology in Data Analysis and Data cleansing and data sharing

Leicestershire Police - fraud and cyber protection