



West
Yorkshire
Combined
Authority

Tracy
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Mayor of
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Governance and Audit Committee

Internal Audit Quality Assurance and Improvement Programme

January 2025

Appendix 2

FRAMEWORK

1 Introduction

A Quality Assurance and Improvement Programme (QAIP) enables an evaluation of the internal audit activity's conformance with the Internal Professional Practices Framework (IPPF), Definition of Internal Auditing and Standard 1300 within the Public Sector Internal Audit Standards (PSIAS) 2017 and an evaluation of whether internal auditors apply the Code of Ethics.

The QAIP also assesses the efficiency and effectiveness of the internal audit activity with the primary objective to promote continuous improvement to enable Internal Audit to meet its mission.

PSIAS standard 1310 establishes that the QAIP must include the results of both internal and external assessments.

2 Benefits of a QAIP

The QAIP has been established to provide assurance to internal audit's stakeholders that its service:

- Conforms with the mandatory guidance of the IPPF
- Has a disciplined risk-based, efficient and effective approach to the internal audit activity
- Has a credible standing within the organisation
- Anticipates and meets stakeholder expectations
- Supports, develops and retains good internal auditors
- Performs its work in accordance with its Charter
- Adds value to the organisations it serves

3 Internal Assessments

PSIAS standard 1311 outlines internal assessments requirements which must include:

- Ongoing monitoring of the performance of the internal audit activity
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices

Ongoing monitoring

Ongoing monitoring of audit activity is undertaken as a routine part of service delivery and management of the team. Specifically, the requirements of the standard will be met through the activities below:

- Standardised working papers and practices to ensure consistency
- Supervision of all audit activity through its lifecycle
- Quality assurance of audit activity

- Trend analysis to identify strengths and development opportunities
- Review of all draft reports by the Chief Audit Executive or Principal Internal Auditor before issue
- Regular 1-2-1 meetings with all auditors to discuss performance including delivery of audit work allocated
- Monitoring of delivery of actuals against plan by Chief Audit Executive and Principal Internal Auditors
- Feedback sought from clients at the conclusion of each assignment. The feedback is monitored and any poor score or trends acted upon

Periodic Assessment

The service operates to an Internal Audit Charter that mandates compliance with relevant professional standards and specifically the definition of Internal Auditing, the Code of Ethics and the PSIAS.

Periodic assessments are designed to evaluate conformance with these standards and conducted through the activities below:

- Formal review of actual outturn against the plan which is reported to Governance and Governance and Audit Committee (GAC) on a quarterly basis
- Reporting of key outcomes from audit activity to GAC on a quarterly basis; reports contain a summary of findings from audit work, reports issued, opinion levels and recommendations made
- Annual review of Audit Charter
- The Chief Audit Executive will confirm to GAC that Internal Audit is organisationally independent on an annual basis through the Annual Audit Opinion
- Risk assessments will be undertaken annually during audit planning process
- Annual self-assessment of compliance with PSIAS which will be reported to the GAC in the Annual opinion report
- Annual assessment of the QAIP which will be reported to the GAC in the Annual opinion report
- Declarations of interest for all audit staff
- Twice yearly staff performance reviews in line with organisation process

4 External Assessments

PSIAS standard 1312 sets out that external assessment of conformance with the Code of Ethics and PSIAS must be undertaken at least once every five years by a qualified, independent assessor/assessment team from outside the organisation.

The standard provides that the external assessment may be accomplished through a full external assessment, or a self-assessment with independent external validation. The process will be reported to the Governance and GAC and Chief Operating Officer for approval.

As required by PSIAS, the results of external assessments will be reported to senior management and the GAC.

5 Communication of QAIP Assessments

The Chief Audit Executive is committed to continuous improvement and is responsible for implementing the QAIP. However, all Internal Audit staff have a professional responsibility for maintaining quality and will contribute to QAIP.

The results of QAIP assessments will be reported by the Chief Audit Executive to senior management and the GAC.

Internal Assessments:

- Results of ongoing monitoring and periodic assessments will be reported to senior management and the GAC as part of the existing established reporting schedules
- Should there be any required actions from the internal assessments, they will be included within the Annual Opinion, and reported to senior management and GAC
- Any significant area of non-conformance with PSIAS that is identified will also be included in the Annual Opinion and will be considered for inclusion in the Annual Governance Statement.

External Assessments:

- The results of external assessments will be reported to senior management and the GAC
- Should there be any required actions from the external assessment, they will be included in the Annual Opinion, and reported to senior management and the GAC
- Any significant area of non-conformance with PSIAS that is identified will also be included in the Annual Opinion, and will be considered for inclusion in the Annual Governance Statement

Any continuous improvement activities identified through internal and external assessments will be captured in the QAIP Action Plan that will follow the template in the following link.

[QAIP - Action Plan Template.docx](#)

6 Review of QAIP Framework

The QAIP framework and action plan will be reviewed on an annual basis to ensure that it is fit for purpose and assisting with delivering continuous improvement.

All stakeholders of the service are encouraged to provide feedback on the QAIP in either a formal or informal manner.

Quality Assurance Improvement Actions – 2024/25

Ref	Observations	Action to Consider / Priority	Management Action / Responsible Officer and Implementation Date	Update including any revisions to management actions and dates
3.	Independence and Objectivity (Standard 1100)			
3.1	<p>The professional standards require that any threats to objectivity are identified and managed at the Internal Auditor, engagement, functional and organisational levels.</p> <p>Although Internal Auditors are reminded annually to consider and disclose any perceived or real conflicts of interest, the assignment planning process does not include any prompt to consider whether completion of the audit may give rise to a potential conflict of business interest.</p> <p>Consequently, there is an increased risk that objectivity at auditor level may be compromised.</p>	<p>In order to enhance the objectivity of Internal Auditors it would be useful to extend the assignment planning checklist in order to prompt the Auditor to consider whether undertaking the audit would give rise to any real or perceived conflicts of interest.</p> <p>Priority: Low</p>	<p>Response Agreed</p> <p>Responsibility HOIA</p> <p>Timescale April 2019</p> <p>Dec 22 – FK.</p> <p>Revised timescale: October 2024</p>	<p>Audit planning document updated as proposed in 2019. This reflected the audit methodology at the time which included agile and waterfall auditing.</p> <p>This changed during lockdown and potential conflict was discussed during audit planning. This now needs to be updated to reflect the new hybrid ways of working (some agile/ some remote and some waterfall) with a planned update to the manual.</p> <p>Further changes needed as revised template not effectively implemented. New process of separate Conflict checks for IA staff to be implemented.</p> <p>COMPLETED</p>
4.	Organisational Independence (Standard 1110)			
4.1	The professional standards require that the Chief Audit Executive's (CAE) position within the organisational	The corporate review of the Internal Audit Service should consider the CAE's position within the	<p>Response The recent review of the function seeks to</p>	Ongoing

	<p>structure is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management.</p> <p>The existing structure of the Internal Audit team does not appear to contain sufficient Senior Management resource to enable the Internal Audit Manager to engage and influence at a more strategic level e.g. attendance at Board level meetings such as the Regulatory & Compliance Board and the Scrutiny Committee.</p> <p>It is acknowledged that suggested changes to the Internal Audit engagement process have been outlined within a recent business case.</p>	<p>organisational structure in terms of how Internal Audit discharges and fulfils its role at a senior level.</p> <p>This should also consider the reporting lines with other assurance functions such as the Risk and Compliance / Scrutiny Board, Board meeting attendance and authority levels.</p> <p>Priority: Medium</p>	<p>allow capacity for the post of Head of Internal Audit to focus more on the strategic element of the role. This will be further developed over the coming year.</p> <p>Responsibility Director Corporate Services</p> <p>Timescale September 2019</p> <p>Revised timescale: September 2024</p>	<p>Interim update: CAE role upgraded in March 2022, but further action to be undertaken as part of Corporate Centre re-design.</p> <p>Update: Revisions to CAE grade included in restructure of Team and OD that COMPLETED in Sep 2024</p>
40	<p>Given the changes to the way in which the team now works, the audit manual needs further updating to reflect current practices and to ensure that the standards continue to be reflected in the way the IA team works.</p>	<p>Update the audit manual to include new audit methodology. CA approach with appended sections for Adult Skills (AS), Counter Fraud and Grants.</p>	<p>November 2024</p> <p>CA - FK AS – ES Fraud – FOL Grants – FK</p>	<p>Ongoing</p> <p>COMPLETED</p>
CI1 224	<p>Develop the analytics capability within the team to facilitate monthly reporting on key control areas.</p>	<p>Obtain licences for IDEA and ensure sufficient team members are trained.</p>	<p>January 2025 FOL</p>	<p>Initial Training held 21.11.24</p>
CI2	<p>Communication standards. Emails to the Internal Audit inbox may be left unread and unactioned. Naming of documents is not consistent and can lead to documents being missed or filed inappropriately.</p>	<p>Circulate instructions to 'favourite' the inbox to ensure all see messages coming in. Consider introducing IA inbox rota. Develop a naming convention protocol.</p>	<p>11th October 2024 AO Management Team End of March 2025</p>	<p>Instructions circulated 10.10.24.</p> <p>Ongoing</p>

220	Limited knowledge around fraud risk identification.	Undertake initial training for the whole team to give an understanding of what to look out for and how to ensure information is collected appropriately. Develop further the tools for fraud risk assessments as part of development of the counter fraud strategy.	Jan/Feb 2024 BB 31st July 2025. (Risk assessments to be prioritised) BB & FOL	Initial full day training held 17.1.24 by CIPFA. Further updates to be provided once strategy developed.
662	We do not have a formal process to follow up on actions from consultancy engagements.	To be discussed at next appropriate team meeting and agreed action to be recorded in the Audit Manual.	17th October 2024 ALL	Audit manual in process of being updated to reflect those formal recommendations made as a result of advisory work to follow the same process as for audit work. COMPLETED
242	Standards require the CAE to consider the skills available in the audit team and with national auditor shortages, some posts are proving difficult to fill leaving greater skills gaps.	In addition to the annual performance review process, further work to be undertaken in line with HR policies once available, on skills and succession planning through a skills assessment of the team. Business plan to reflect need for apprentice roles to mitigate medium to long term risk.	Feb – April 2025 BB Dec 2024 BB	 Ongoing as part of business planning.
	As a result of staff survey feedback, IA to consider how to build auditing of 'culture' into the plan for next year	To be discussed and agreed as a team, training to be accessed by as many team members as possible to inform the discussion	April 2025 ALL	Ongoing
	Introduction of new global standards to be built into the processes and IA ways of working	A full self-assessment against the new standards to be undertaken once the CIPFA guidance for LAs is in place and any areas for improvement to be built into the QAIP for 25/26.	TBC subject to CIPFA timescales but work to begin in Feb – April. BB	

Key: Blue = issues raised as part of External Quality Assessment (EQA)
Purple = issues added as a result of IA self-assessment and ongoing continuous improvement