

# **Internal Audit Quality Assurance Improvement Programme (QAIP) 2025-26**

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Date of issue: March 2025

Presented to the Governance and Audit Committee: 19 March 2025

# Internal Audit Quality Assurance Improvement Programme 2025-26

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## 1. Introduction

- 1.1 During the last twelve months the Institute of Internal Auditors has carried out a consultation with the auditing profession around the new Global Internal Audit Standards (GIAS) that came into force in January 2025. The GIAS guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function.
- 1.2 To ensure that all Local Authorities comply with the new GIAS, the Chartered Institute for Public Finance and Accountancy (CIPFA) has reviewed the standards and produced the GIAS in the UK Public Sector in February 2025 and Local Authorities have 12 months to review all their internal audit documentation and processes to conform to the GIAS in the UK Public Sector.
- 1.3 As the new legislation only came into force in February 2025, we have reviewed our QAIP against the Public Sector internal Audit Standards (PSIAS) and during the next 12 months we will review the QAIP against the GIAS in the UK Public Sector and will be fully compliant by March 2026.
- 1.4 The new GIAS in the UK Public Sector define the nature and set out basic principles for internal auditing in the UK Public Sector and is aimed at those responsible for the governance of internal audit and is also relevant for heads of Internal Audit and Audit providers to the sector.
- 1.5 The GIAS in the UK Public Sector has adopted the QAIP that was part of the PSIAS and stills requires:

*“A program established by the chief audit executive to evaluate and ensure the internal audit function conforms with the Global Internal Audit Standards, achieves*

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*performance objectives, and pursues continuous improvement. The program includes internal and external assessments.”*

1.6 The QAIP is designed to provide reasonable assurance to the stakeholders of the Council that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the GIAS in the UK Public Sector:
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and continually improving its operations.

1.7 Internal Audit’s QAIP covers all aspects of Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:

- Undertaking both periodic and on-going internal assessments (1311); and
- Commissioning an external assessment to the Audit Committee at least once every five years, the results of which are communicated to the Governance and Audit Committee (1312 and 1320).

1.5 The Chief Internal Auditor is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consulting.

## 2. Internal Assessment

2.1 The Accounts and Audit Regulations (Wales) 2014 places a statutory obligation on the Council to conduct a review of effectiveness of internal audit at least once a year. In accordance with the PSIAS, which will be replaced by the GIAS

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in the UK Public Sector over the next 12 months and internal assessments are undertaken through both on-going and periodic reviews.

## On-going Reviews

2.2 Continual assessments of quality are undertaken via:

- Effective planning, allocation of audit resources and reporting of activities;
- Management supervision of all reviews undertaken;
- Appropriate template paperwork for scoping paper, working papers and a standard report template;
- Structured process in place for reviewing working papers and draft reports by the Principal Auditor, and an effective quality assurance review completed by the Chief Internal Auditor (CIA);
- A Post-Audit Questionnaire is sent out with the Final Report to gather feedback;
- Monitoring of key performance targets and annual reporting to the Corporate Executive Team, Cabinet and Governance and Audit Committee;
- Regular training for the team;
- Use of data analytics and Audit management software; and
- CIA will review and agree all reports and all low and no assurance reports will be taken to Governance and Audit Committee for scrutiny.

## Periodic Reviews

2.3 The Internal Audit Service operates to a Charter that is regularly reviewed, and which mandates compliance with relevant professional standards and specifically the definition of Internal Auditing, the Code of Ethics and over the next 12 months full compliance with the GIAS in the UK Public Sector.

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- 2.4 Periodic assessments are designed to evaluate conformance with these standards and are conducted via:
- Quarterly Internal Audit updates to the Governance and Audit Committee, which includes progress against the annual plan, list of reports issued in the period and the individual audit opinion for each report issued;
  - Annual self-assessment of conformance with the GIAS in the UK Public Sector;
  - Annual review of compliance against the requirements of the QAIP, the results of which are reported to senior management and the Governance and Audit Committee;
  - Regular 1-2-1 meetings with each member of Internal Audit to support development; and
  - Regular review of individual auditors' compliance with their continuous professional development requirements.
- 2.5 Significant areas of non-compliance with GIAS in the UK Public Sector identified through internal assessment will be reported in the Internal Audit Annual Report and used to inform the Annual Governance Statement.
- 2.6 Results of internal assessments will be reported to the Governance and Audit Committee at least annually. The CIA will implement appropriate follow-up reviews to any identified actions to ensure continual improvement of the service.
- 2.7 The CIA will also periodically identify improvement requirements, for example in respect of audit planning, assurance mapping, audit processes, counter fraud, skills development for the team, audit profile and performance.

## 3. External Assessments

- 3.1 Consistent with the GIAS in the UK Public Sector, an external assessment occurs at least once every five years to ensure continued application of

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professional standards. An external assessment was carried out in 2023-24 under the old PSIAS by Ceredigion County Council on a peer review basis organised through the Welsh Chief Auditors Group. The results of the review were discussed in the Governance and Audit Committee meeting on the 12 June 2024. The report states that:

*“The evaluator has concluded that the Internal Audit service for Denbighshire County Council currently conforms with 45 of the Public Sector Internal Audit Standards (PSIAS) and partly conforms with six. There are five areas of non-conformance identified”.*

- 3.2 During the last 12 months the Chief Internal Auditor has been work towards completing the action plan agreed to ensure full compliance and progress will be report to the Governance and Audit Committee in the quarterly internal audit updates.

## 4. Review of the QAIP

- 4.1 The QAIP is reviewed at least annually. Appendix 1 provides an update on the improvement actions identified in 2023/24 following the external assessment by Ceredigion County Council in 2023/24.

## 5. Appendix 1 – Quality Assurance and Improvement Programme Action Plan

Ref No	PSIAS Self-Assessment / PSIAS Standards	Conforms	Recommendation	Responsibility	Timescale	Status
1	1000 Purpose, Authority and Responsibility	Partial	<p>The Internal Audit Charter does not currently outline the specific responsibilities of the Governance and Audit Committee, or the role of statutory officers (CEO / CFO / Monitoring Officer) with regards to Internal Audit. It is therefore advisable to update the Internal Audit Charter to include this information.</p> <p>The IA Charter also states that the CIA reports functionally to the Head of Finance and Audit and should be updated to correctly state that the CIA reports functionally to the board and administratively to the Head of Finance &amp; Audit.</p>	Chief Internal Auditor	12 June 2024	Completed
2	1210 Proficiency and Due Professional Care	Partial	The Council should significantly support the Internal Audit function in achieving the required qualifications for proficiency, as soon as possible.	Chief Internal Auditor	End of June 2026	Ongoing



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3	1300 Quality Assurance and Improvement Programme (QAIP)	Does Not Conform	The CIA should develop and maintain a QAIP to assess the efficiency and effectiveness of the IA function that covers all aspects of the internal audit activity and enables conformance with the PSIAS and continuous improvement.	Chief Internal Auditor	12 June 2024	Complete and ongoing
4	1310 Requirements of the Quality Assurance and Improvement Programme	Does Not Conform	The CIA should develop and maintain a QAIP that includes both internal and external assessments.	Chief Internal Auditor	12 June 2024	Complete and ongoing
5	1320 Reporting on the Quality Assurance and Improvement Programme	Partial	The QAIP of the results of the previous External Quality Assessment (2017/18) is reported to GAC as part of the Annual Report. In addition, to conform with the PSIAS, Internal Self-Assessments should be undertaken by the CIA and the results included in the QAIP and reported to GAC.	Chief Internal Auditor	12 June 2024	Complete and ongoing

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6	1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'	Does Not Conform	As no formal QAIP in place, the statement 'Conforms with the International Standards for the Professional Practice of Internal Auditing' should be removed from reports until the required QAIP process is in place to confirm this.	Chief Internal Auditor	Completed	Complete and ongoing
7	1322 Disclosure of Non-conformance	Does Not Conform	The CIA should disclose any instances of non-conformance to the board. This would include that periodic self-assessments were not undertaken and a formal QAIP was not in place.	Chief Internal Auditor	Complete and on-going as required	Complete and ongoing
8	2010 Planning	Partial	The internal audit plan was determined by considering the Corporate Risk Register, Assurance Framework and discussions with Management, there is no documented risk assessment in place.	Chief Internal Auditor	June 2025	In progress

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			<p>Two audit engagements in the 2023/24 IA Plan align to 'critical' corporate risks, however, it is not clear how the prioritisation of the remainder of the audit work included in the IA plan aligns to the organisation's goals and corporate risks.</p> <p>It may be an ideal opportunity to revise and develop the annual risk assessment process to ensure the annual audit plan is fully aligned with the Council's risk management framework and focused on the key risks to its strategic objectives. The IA Plan should also set out the estimated resources required for the work and include consulting engagements.</p>			
9	2120 Risk Management	Partial	<p>The internal audit activity should evaluate the effectiveness of the organisation's risk management processes to determine whether:</p> <p>a) Organisational objectives support and align with the organisation's mission.</p>	Chief Internal Auditor	Completed	Complete and ongoing

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			<p>b) Significant risks are identified and assessed.</p> <p>c) Appropriate risk responses are selected that align risks with the organisation's risk appetite.</p> <p>d) Relevant risk information is captured and communicated in a timely manner across the organisation to enable staff, management, and the board to carry out their responsibilities.</p> <p>Internal Audit should also evaluate the potential for fraud and how the organisation manages fraud risk.</p>			
10	2421 Errors and Omissions	Partial	<p>The Audit Manual should be updated to include provision that in the event of a final audit report containing a significant error or omission, the relevant auditor / CMIA etc. will re-issue the corrected information to all parties who received the original communication.</p>	Chief Internal Auditor	End of July 2024	Complete and ongoing

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11	2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'	Does Not Conform	The statement 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing' should be removed from reports until the results of the QAIP support such a statement.	Chief Internal Auditor	Completed	Complete
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