



Rotherham Metropolitan Borough Council

Internal Audit Quality Assurance and Improvement Plan 20256-267

1. Introduction and Background

1.1 Auditors working in the UK public sector must follow the requirements of the Global Internal Audit Standards subject to the interpretations and additional requirements set out in the Application Note (Global Internal Audit Standards in the UK Public Sector) and the Code of Practice for the Governance of Internal Audit in UK Local Government.

1.2 The Standards require the Head of Internal Audit (HoA) to develop a Quality Assurance and Improvement Programme (QAIP), that covers all aspects of the internal audit function. The programme includes both internal and external assessments.

At least annually the HoA must communicate the results of the internal quality assessment to the Audit Committee and senior management. The results of the external quality assessments must be reported when completed. In both cases such communications include:

- The internal audit function's conformance with the Standards and achievement of performance objectives
- If applicable, compliance with laws and/or regulations relevant to internal auditing
- If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement

1.3 Internal assessments must include:

- Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives. This is an integral part of the day-to-day supervision, review and measurement of internal audit. Ongoing monitoring is incorporated into the routine policies and practices used to manage internal audit and uses processes, tools and information considered necessary to evaluate conformance with the Standards; and
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices, to evaluate conformance with the Standards.
- Communication with the Audit Committee and senior management about the results of internal assessments.

1.4 The HoA must develop a plan for an external quality assessment and discuss the plan with the Audit Committee. The external assessments must be completed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

1.5 Within RMBC the HoA 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 assignment level as well as at a broader level covering the entire internal audit service.

- 1.6 All staff within Internal Audit have responsibility for maintaining quality. The activities outlined in this QAIP involve all staff.
- 1.7 Internal Audit's QAIP is designed to provide reasonable assurance to the various stakeholders of RMBC that it:
 - Performs its work in accordance with its Charter, which is consistent with the Standards
 - Operates in an efficient and effective manner
 - Is adding value and continually improving its operations

2. External Assessment

- 2.1 At least once every five years, internal audit working practices are subject to external assessment to ensure the continued application of professional standards. This process appraises and expresses an opinion about conformance with the Standards and includes recommendations for improvement, as appropriate. The assessment is conducted by an independent and suitably qualified person or organisation and the results are reported to the HoA.
- 2.2 Results of external assessments are reported to senior management and the Audit Committee at the earliest opportunity following receipt of the report. The report must be accompanied by an action plan in response to significant findings and recommendations contained in the report. Any specific areas identified as requiring further development and/or improvement must be included in an action plan. The action plan should include actions to be taken and a timeline for completion.
- 2.3 At the end of 2025~~0~~ an external assessment of Internal Audit was completed by the ~~Head of Internal Audit of Calderdale Council~~Chartered Institute of Public Finance and Accountancy (CIPFA). The results showed General Conformance with ~~Public Sector Global~~ Internal Audit Standards (UK Public Sector) and were reported to the Audit Committee in ~~January-March 2024~~6. ~~Eleven-Five recommendations and ten~~ suggested actions for consideration were made to further develop the service. These actions, plus ~~those four~~ carried forward from the previous year, became the QAIP Action Plan for 2024~~6-27~~6-27.

3. Internal Assessment

Internal Assessment is made up of both ongoing and periodic reviews.

3.1 Ongoing quality assurance arrangements

3.1.1 RMBC Internal Audit maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with the Standards. They include:

3.1.2 At assignment level

- The maintenance of a detailed audit procedures manual and quality management system to ensure compliance with applicable planning, fieldwork and reporting standards
- The objectives, scope and expected timescales for each audit assignment are subject to agreement with the client before detailed work commences
- The results of all audit testing are documented using standard working papers
- Documented reviews of files and working papers by a Principal Auditor to ensure that:
 - All work undertaken complies with the requirements of professional best practice and appropriate audit techniques have been used;
 - Audit files are complete and properly structured;
 - The objectives of the audit have been achieved;
 - Appropriate levels of testing have been carried out;
 - The findings and conclusions are sound and are demonstrably supported by relevant, reliable and sufficient audit evidence;
 - The audit report is complete, accurate, objective, clear, concise, constructive and timely
- Supervision of audit assignments
- Regular monitoring of progress of audit assignments
- Terms of Reference/Audit Briefs are reviewed and approved by the Head of Internal Audit
- Draft reports and recommendations are reviewed and approved by the Head of Internal Audit.
- Post Audit Questionnaires are issued with each final report to obtain feedback on the performance of the auditor and on how the audit was received.

3.1.3 At Internal Audit Service level

- The Internal Audit annual plan is produced using a risk-based approach
- The audit procedures manual provides a detailed description of the work of the service and the way in which the work should be carried out. This is a point of reference for staff and guides them through the relevant procedures followed within the service

- The Internal Audit Charter provides stakeholders with a formally defined purpose, authority and responsibility for Internal Audit
- Continuous development of the internal audit team to ensure it possesses the necessary capacity, skills and knowledge to successfully deliver the annual audit plan including:
 - Job descriptions for each post
 - Annual and mid-year performance appraisals, to include assessment against audit competencies
 - Individual development plans based on the results of the appraisals
 - Training plans and qualifications for individuals within the team
- Performance against agreed quality targets reported to the Audit Committee at each meeting

3.1.4 Integrated Audit Software

The service uses Pentana integrated audit software supplied by Ideagen. This enhances and enforces quality assurance at assignment level.

3.1.5 Reporting to the Audit Committee

Internal Audit provides the Audit Committee with a quarterly progress report summarising the audit activity undertaken since the previous meeting. This includes the following:

- Progress against the annual plan
- A list of reports issued during the period including details of the assurance opinion provided and an outline of the major findings
- Details of investigations completed
- ~~Outstanding a~~Audit recommendations tracking
- Performance Indicators for the service
- An update on the QAIP Action Plan

3.2 Periodic Reviews

3.2.1 Periodic reviews are completed by an annual self-assessment of conformance with the Standards completed by the HoA.

3.2.2 The results of the self-assessment are used to identify any areas requiring development or improvement. Any specific changes or improvements are included in the Action Plan and progress against this is reported within each quarterly progress report to the Audit Committee.

3.2.3 Results are also used to evaluate overall conformance with the Standards, the results of which are reported to senior management and the Audit Committee.

3.2.4 ~~Another self-assessment has now taken place which included an evaluation of progress against the previous actions. The results are shown in the Action Plan. Where an action has been identified against a~~

~~standard the whole of that standard and the current actions are shown to give context, even if the new suggested action only relates to part of the standard.~~ An initial self-assessment against the Global Internal Audit Standards (UK ~~P~~public ~~S~~ector) has been undertaken and the areas identified where action needs to be taken have been included in the action plan.

3.2.5 The actions will be progressed throughout the year and the results reported in the quarterly progress reports to the Audit Committee.

3.3 **Annual assessment of the effectiveness and efficiency of the Internal Audit Service**

3.3.1 The Standards require that an annual assessment is undertaken of the Internal Audit Service by the Audit Committee. Senior management should participate in this and this should include:-

- Reviewing the internal audit function's performance objectives, including its conformance with the Standards, laws and regulations, ability to meet the internal audit mandate and progress towards completion of the audit plan
- Considering the results of the internal audit function's quality assurance and improvement programme
- Determining the extent to which the internal audit function's performance objectives are being met.

3.3.2 ~~The approach to undertaking this assessment will be developed during the year and an update provided to senior management and the Audit Committee.~~ The information to support this assessment is provided to the June Audit Committee within the Annual Report and Appendices.