

Agenda Item No: 5

Report To: Audit Committee

Date of Meeting: 16 March 2021

Report Title: Internal Audit Charter & QAIP 2021/22

Report Author & Job Title: Russell Happleston: Deputy Head of Audit Partnership



Summary: An Internal Audit Charter and the Quality Assurance & Improvement Programme (QAIP) a requirement of Public Sector Internal Audit Standards. Both are fundamental to the operation and continued development of the internal audit service provided to the Council.

The Charter, which has previously been approved, has been updated largely to reflect the administrative changes following appointment of the Deputy Head of Audit Partnership as Chief Audit Executive for the Council. This will be the first time that the Committee are seeing the QAIP.

Key Decision: No

Significantly Affected Wards: N/A

Recommendations: **The Committee is recommended to:**

- I. **Approve** the Internal Audit Charter 2021/22 (appendix a)
- II. **Note** the Quality Assurance & Improvement Programme (QAIP) (appendix b)

Policy Overview: N/A

Financial Implications: No new implications.

Legal Implications Allows the Council to maintain conformance with the Accounts & Audit Regulations 2015

Equalities Impact Assessment Not required.

Other Material Implications: N/A

Exempt from Publication: **NO**

Background Papers:

The Charter draws on various sources of external professional guidance and standards. These are hyperlinked within the document.

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Report Title: Internal Audit Charter 2021/22 & Quality Assurance & Improvement Programme (QAIP)

Introduction and Background

Internal Audit Charter 2021/22

1. Public Sector Internal Audit Standards (the “Standards”) prescribe a Charter that sets out the purpose, authority, and responsibility of the Council’s internal audit service. The Charter also affirms and accepts the professional standards governing the practice of internal audit at the Council.
2. The Council must review and update the Charter periodically to reflect changes in Standards and practice, most notably the 2017 update to Standards. The Charter attached was previously approved by this Committee in October 2019.
3. In [March 2020](#) the Committee endorsed and agreed to allocate the responsibilities of the ‘Chief Audit Executive’ to the Deputy Head of Audit Partnership. The Charter re-affirms the purpose, authority, and responsibilities of this role, alongside delivery of the Mid Kent Audit Service.
4. The Audit Charter is required by the Public Sector Internal Audit Standards (Standard 1000) and is a foundational document setting out the size and scope of the service. A direct extract from the Standards is attached below setting out the minimum requirements:

1000 Purpose, Authority and Responsibility

The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Interpretation:

The internal audit charter is a formal document that defines the internal audit activity’s purpose, authority and responsibility. The internal audit charter establishes the internal audit activity’s position within the organisation, including the nature of the chief audit executive’s functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.

Public sector requirement

The internal audit charter must also:

- define the terms ‘board’ and ‘senior management’ for the purposes of internal audit activity;
- cover the arrangements for appropriate resourcing;
- define the role of internal audit in any fraud-related work; and
- include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.

1000.A1

The nature of assurance services provided to the organisation must be defined in the internal audit charter. If assurances are to be provided to parties outside the organisation, the nature of these assurances must also be defined in the internal audit charter.

1000.C1

The nature of consulting services must be defined in the internal audit charter.

Quality assurance & improvement programme

5. Standard 1300 requires that we maintain a quality assurance and improvement programme (QAIP). There are two key objectives of the programme. First to document and clarify how we uphold the quality and integrity of our work. Second to make plain our commitment to self-reflection on reviewing and improving how we plan and deliver our work. The Standards encourage Member engagement with and oversight of the Programme.
6. We were able to demonstrate conformance in our External Quality Review earlier in the year. However, our reviewer commented in discussions when concluding the report that we could bring together and summarise our approach in a single document for Members.
7. Our full QAIP is attached (appendix b) to this report and sets out:
 - Our ambitions on upholding a commitment to excellent quality audit work.
 - How we exercise oversight, review, and maintain quality.
 - How we will review our work over the coming months and years to revisit and consider how we might further improve.

Proposal/Current Position

6. We recommend the Committee approves the attached Charter (appendix a). Specific changes are highlighted in red text. Approval of the Charter will ensure continued adherence to professional Standards. The quality assurance and improvement programme forms part of the Standards and Charter.
7. The Council currently has a Charter that remains valid until replaced or updated. Approval of the updated Charter ensures that the Council has fully and accurately set out the purpose, authority, and responsibilities of internal audit.

Implications and Risk Assessment

8. The Charter essentially describes internal audit as practiced at the Council and so introduces no new risks.

Next Steps in Process

9. The Charter becomes effective once approved.

Internal Audit Charter Ashford Borough Council

Purpose & Mission

1. The purpose of Ashford Borough Council's (the "Council") internal audit service ("Mid Kent Audit") is to provide independent, objective assurance and consulting services designed to add value and improve the Council's performance. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. Mid Kent Audit helps the Council achieve objectives with a systematic, disciplined approach to evaluating and improving effectiveness of governance, risk management and control.
2. Final approval of the Charter rests with the Audit Committee (the "Committee"). The ~~Head of Audit Partnership~~Chief Audit Executive will keep the Charter under review and re-present for approval ~~each year~~ after consultation with Senior Management.

Standards for the Professional Practice of Internal Auditing

3. Mid Kent Audit will govern itself by adherence to the compulsory parts of the Institute of Internal Auditors' (IIA) [International Professional Practices Framework \(IPPF\)](#). These include:
 - The Core Principles for the Professional Practice of Internal Auditing.
 - The [Code of Ethics](#).
 - The International Standards for the Professional Practice of Internal Auditing. In the UK by the Internal Audit Standards Advisory Board and the Relevant Internal Audit Standards Setters adapt these into [the Public Sector Internal Audit Standards](#) (the "Standards").
 - The Definition of Internal Auditing set out by the IIA.

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4. Mid Kent Audit will also govern itself under the *Local Government Application Note (2019 Edition)*¹ set out by the Chartered Institute of Public Finance & Accounting (CIPFA). Auditors who belong to other professional institutes will also adhere to the relevant Code of Ethics.
5. The ~~Head of Audit Partnership~~Chief Audit Executive will report periodically to Senior Management and the Committee on Mid Kent Audit's conformance to the Code of Ethics and the Standards.

Authority

6. Internal Audit is a statutory service for local authorities as set out in the [Accounts & Audit Regulations 2015](#) (the "Regulations"). Specifically, Regulation 5 demands that authorities:
 - "... undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".
7. The Deputy Head of Audit Partnership fulfils the role as Chief Audit Executive for Council and will reports functionally to the Committee and administratively to the ~~Head of Audit Partnership Mid Kent Services Director~~ (an employee of Maidstone Borough Council). Within the Council, the Deputy Head of Audit Partnership will also liaise chiefly with the Director of Finance & Economy as a representative of Senior Management.
8. To assure that Mid Kent Audit has authority to fulfil its duties the Committee will:
 - Approve the Internal Audit Charter.
 - Approve the risk-based internal audit plan (including proposed resources).
 - Receive communications from the ~~Head of Audit Partnership~~Chief Audit Executive on Mid Kent Audit's performance against its plan and other matters.
 - Through the Chair, be consulted on appointment or removal of the ~~Head of Audit Partnership /~~Chief Audit Executive for the Council.
 - Through the Chair, contribute to Deputy Head of Audit Partnership appraisals carried out by the ~~Head of Audit Partnership~~Mid Kent Services Director.

¹ The Application Note is a paid-for publication. We can provide copies to Members on request but cannot link in full through the public version of this Charter.

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- Make suitable enquiries of management and the Head of Audit Partnership Chief Audit Executive to discover any improper limits to audit scope or resources.
 - Require suitable explanations of planned actions, including through attendance in person, from lead officers following adverse engagement opinions and in other circumstances as the Committee deems appropriate.
9. The Head of Audit Partnership Chief Audit Executive will have unrestricted access to, and communicate and interact directly with, the Committee including in private meetings without management present.
10. The Committee and Senior Management sanction Mid Kent Audit to:
- Have full, free, and unrestricted access to all works, records, property and personnel relevant to carrying out any engagement. This is subject to accountability for confidentiality and safeguarding records and information.
 - Assign resources, set frequencies, select subjects, decide scopes of work, apply techniques needed to perform audit objectives and issue reports.
 - Seek and receive any support needed from the Council's personnel, including contractors, to complete engagements.
11. These duties also stem from Regulations. These direct the Council to: "make available such documents and records and supply such information and explanations as are considered necessary by those conducting the internal audit".

Independence and Objectivity

12. The Head of Audit Partnership Chief Audit Executive will ensure Mid Kent Audit in its work at the Council remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities without bias. These include matters of audit selection, scope, procedures, frequency, timing, and report content. The Deputy Head of Audit Partnership Chief Audit Executive will report if independence or objectivity may be under threat in fact or appearance.
13. Internal auditors will preserve an unbiased approach that allows them to perform engagements objectively. They will believe in their work, make no quality compromises, and not subordinate their audit judgement to others.
14. Internal auditors will have no direct responsibility or authority over any of the subjects audited. So, internal auditors will not set up internal controls, develop procedures, prepare records, or engage in any other action that may hinder their judgement. This includes:

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- Assessing services for which they had any responsibility within the previous year.
 - Setting up or approving transactions external to Mid Kent Audit.
 - Directing any Council employee not employed by Mid Kent Audit, except those properly assigned to help internal audit.
 - Reviewing parts of the Council staffed by close friends or family members.
15. Where the ~~Head of Audit Partnership~~ Chief Audit Executive has roles that fall outside internal audit, the Council will set up safeguards to limit impacts to independence or objectivity.
 16. At the Council, as set out in the audit plan, the ~~Head~~ Chief Audit Executive of Audit Partnership also has on-demand ancillary advisory roles on counter fraud, risk management and other investigative work.
 17. In carrying out their role, auditors will follow the independence and objectivity principles in this Charter. On risk management, specifically, auditors will adhere to the guidance set out by the IIA in its position paper on *Risk Management and Internal Audit* [published on 11 July 2019](#).
 18. Internal auditors will:
 - Disclose any limit of independence or objectivity, in fact or appearance, to suitable parties.
 - Display professional objectivity in gathering, evaluating, and communicating information about audit engagements.
 - Deliver balanced assessments of all available and relevant facts and circumstances.
 - Take necessary precautions to avoid undue influence by their own interests or by others in forming judgements.
 19. The ~~Head of Audit Partnership~~ Chief Audit Executive will confirm to the Committee at least yearly the organisational independence of Mid Kent Audit.
 20. The ~~Head of Audit Partnership~~ Chief Audit Executive will disclose to the Committee any interference and related implications in fixing the scope of internal audits, performing work, or communicating results.

Scope of Internal Audit Work

21. The scope of internal audit work covers the Council's whole control environment. This includes objective examination of evidence to create independent assessments to the Committee, management and others on the adequacy and effectiveness of governance, risk management and control. Internal audit assessments include evaluating whether:
- The Council properly identifies and manages risks on its strategic and other objectives.
 - The actions of the Council's officers and contractors comply with the Council's policies, procedures and applicable laws, regulations, and governance standards.
 - The results of Council work and programs are consistent with agreed goals and objectives.
 - The Council carries out its work and programs effectively and efficiently.
 - Council systems enable compliance with the policies, procedures, laws, and regulations that could cause significant impact.
 - Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
 - The Council gains assets economically, uses them efficiently and protects them adequately.
22. These assessments will lead to a ~~Head of Audit Partnership~~ Chief Audit Executive opinion as described by the Standards. The opinion will report on the adequacy and effectiveness of the Council's internal control, corporate governance, and risk management.
23. The ~~Head of Audit Partnership~~ Chief Audit Executive will report periodically to senior management and the Committee about:
- Mid Kent Audit's purpose, authority, and responsibility.
 - Mid Kent Audit's audit and assurance plan, and performance against its plan.
 - Mid Kent Audit's conformance with the IIA's Code of Ethics and Standards and action plans to address any significant issues.
 - Significant risk exposures and control issues, including fraud risks, governance issues and other matters demanding the attention of, or sought by, the Committee.
 - Results of audit engagements s ~~and~~ er other work.

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- Audit resource use and need.
 - Any management risk response that may be unacceptable to the Council.
24. The ~~Head of Audit Partnership~~Chief Audit Executive also coordinates work where possible, and considers relying on the work of other internal and external assurance and consulting service providers as needed. Mid Kent Audit may perform advisory and related client service work. Mid Kent Audit will agree the nature and scope of such work with the client, provided Mid Kent Audit does not assume management responsibility.
25. Mid Kent Audit may identify opportunities for improving the efficiency of governance, risk management and controls during engagements. Where identified, Mid Kent Audit will communicate these opportunities to management.

Responsibility

26. The ~~Head of Audit Partnership~~Chief Audit Executive has the responsibility to:
- Present, at least yearly, to senior management and the Committee a risk-based internal audit and assurance plan for review and approval.
 - Communicate to senior management and the Committee the impact of resource limits on the internal audit plan.
 - Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, programs, systems and controls.
 - Communicate immediately to senior management and the Committee any significant interim changes to the internal audit plan. A 'significant' change covers one or more of the following:
 - Removal of a 'high priority' audit engagement.
 - Commitments beyond the approved budget or resource envelope.
 - Other changes that, in the view of the ~~Head of Audit Partnership~~Chief Audit Executive, may inhibit ability of Mid Kent Audit to deliver a robust opinion as set out by the Standards.
 - Ensure each engagement of the internal audit plan adheres to quality standards. This includes:
 - Setting out suitable objectives and scope.
 - Assigning suitable and adequately supervised auditors.
 - Documenting work programs and testing results.

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- Communicating results with applicable conclusions and recommendations to proper parties.
 - Follow up on engagement findings and corrective actions. Report periodically to senior management and the Committee any corrective actions not taken effectively.
 - Ensure application of and adherence to the principles of integrity, objectivity, confidentiality, and competency.
 - Ensure that Mid Kent Audit collectively has or gains the knowledge, skills and other competencies needed to fulfil this Charter.
 - Ensure consideration of trends and emerging issues that could impact and communicating these to senior management and the Committee as fitting.
 - Ensure consideration of emerging trends and successful practices in internal auditing.
 - Set up and ensure adherence to policies and procedures designed to guide Mid Kent Audit's work.
 - Ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the Charter. Report any such conflicts to senior management and the Committee with a suggested path to resolution.
27. The Council will also consider CIPFA's Statement on the Role of the Head of Internal Audit in Public Sector Organisations ([2019 edition](#)). In particular when setting job roles and overseeing performance of the [Head_of Audit Partnership Chief Audit Executive](#).

Quality Assurance and Improvement Programme

28. Mid Kent Audit will keep a quality assurance and improvement programme that covers all its work. The programme will include an evaluation of conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of Mid Kent Audit's work and identify opportunities for improvement.
29. The [Head_of Audit Partnership Chief Audit Executive](#) will communicate to senior management and the Committee on the quality and improvement [plan programme](#). This will include results of internal assessments and an external assessment conducted at least once every five years by a qualified, independent assessor.

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Charter Approval

This Charter is authorised within Ashford Borough Council by:

Ben Lockwood: Director of Finance & Economy

Councillor Larry Krause: Chairman of the Audit Committee

With the agreement of:

Russell Heppleston: Deputy Head of Audit Partnership

Rich Clarke: Head of Audit Partnership

~~Steve McGinnes: Mid Kent Services Director~~

Glossary and Standards Reconciliation

- **The Audit Committee (“Committee”)** is the ‘Board’ as referenced by Standard 1000 and elsewhere in the Standards.
- **The Deputy Head of Audit Partnership** is the ‘Chief Audit Executive’ as referenced by Standard 1000 and elsewhere in the Standards.
- **The Council’s Directors** are ‘Senior Management’ as referenced by Standard 1000 and elsewhere in the Standards. This group includes the Council’s Chief Executive, Monitoring Officer, and s.151 Officer.
- **Officers noted on the Management Structure** or their delegates are ‘Management’ as referenced by Standard 1000 and elsewhere in the Standards.

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Appendix B: Quality Assurance & Improvement Programme

1. Continuous improvement sits at the heart of internal audit as a profession. Both for the auditors who work within it and for the contribution it makes to organisations.
2. The Code of Ethics for auditors states: “[auditors] shall continually improve their proficiency and the effectiveness and quality of their services”.
3. The IIA’s Mission of Internal Audit talks about “enhancing organisational value”. With the definition of internal auditing being: “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations”. These are not new ideals. The IIA’s founding statement published 15 July 1947 dedicated internal audit to: “protecting the interests of the organisation, including pointing out existing deficiencies to provide a basis for appropriate corrective action”.
4. As this drive applies to the services we audit, the need to reflect and seek improvement applies no less to us in Mid Kent Audit. This Plan has two principal parts:

Quality

Setting out the standards we apply to our work, how we guarantee and uphold them.

Improvement

Setting out how we examine our work, to consider its efficiency, effectiveness and place in industry best practice.

5. These features sit within the context of Mid Kent Audit’s overall vision:

“To be the highest quality local authority audit service in the UK”.

6. We will update this plan regularly, no less than once each year. In particular we will form the “Improvement” section into a rolling programme to ensure our internal ‘universe’ receives no less review in search of improvement than we apply to our partner authorities.
7. The Mid Kent Audit team fully embraces the professionalism and high standards inherent to the modern auditor. We remain grateful for the support, encouragement and challenge of members and officers in our partner authorities to help achieve this goal.

Quality



Mid Kent Audit's last two external quality assessments confirmed we work in full conformance with the Public Sector Internal Audit Standards and the International Professional Practices Framework.

This is the standard we seek to uphold. We do so in four main ways:

Team Expectations and Approach

8. We expect our team to uphold the IIA Code of Ethics, ensuring they work with *Integrity, Objectivity, Confidentiality* and *Competency* always. This means working as a professional auditor, supporting colleagues and clients as part of the audit team.
9. We recognise the markers of quality work listed in Standard 2420 (Quality of Communications). These state that we must be accurate, objective, clear, concise, constructive, complete and timely. We recognise our overall goal in helping our clients by providing assurance and supporting improvement across their control environment and service delivery.

Training and Development

10. We have consistently preserved strong financial and budgetary support for training and development throughout the team. Our ambition is to support every member of Mid Kent Audit in earning and keeping a suitable professional qualification.
11. This is why we, as well as compulsory training demanded as part of our employment with Maidstone Borough Council, set aside at least 40 hours each year for training. The 40 hours level is consistent with keeping qualification as a [Certified Internal Auditor](#), but where other qualifications have different needs we will typically support these too. We also keep a financial budget equal to supporting that volume of training.
12. Our starting position is to support all further training and development where there is benefit to the Partnership and the individual. Naturally we will face practical and budgetary restraints that may vary over time. Nevertheless if we can find a way to support development, we will seek to do so. We also celebrate the team's training and achievement in our reporting to Members and others.
13. We are also a service keen to look outside our borders for development and best practice. While ensuring we continue to deliver our core service, we welcome opportunities to engage with and learn from the broader audit profession.

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Tools and Guidance

14. We use Ideagen's Pentana Audit Management Software. This is an industry leading software package, tailored for use in Mid Kent Audit. Pentana is online, ensuring our team can work collaboratively and electronically from any location with an Internet connection. Pentana guides an auditor step-by-step through completing an audit engagement. If followed, that guidance will ensure our work remains fully conforming with the Standards.
15. The guidance is available within Pentana using 'mouse over' and document libraries. We also keep a shared drive accessible to the whole audit team with library versions of guidance and copies of relevant rules and publications (for example, the Standards themselves).
16. We have a group membership of the Institute of Internal Audit. This gives every member of the audit team access to online support and guidance from the internal audit profession.
17. We aim to introduce new versions of Pentana within three months of their release. This will ensure we remain current in using the latest software, while also giving the time and opportunity to consider how best to use any new or amended features.
18. We have within Pentana a library of templates (including report and brief templates) for auditors to use in engagements. These ensure consistency in approach and presentation, but also allow for variation and innovation to support quality work.

Supervision, Review and Coaching

19. As required by Standards 2340, all work we complete is supervised. We embrace the three objectives of that supervision set out in the standard:
 - **Objectives are achieved:** Each engagement sets objectives in its brief. The engagement reviewer(s) will ensure the final report is clear in fulfilment of those objectives and reporting of results.
 - **Quality is assured:** The engagement reviewer(s) will ensure files contain documentation in line with Standard 2330 (sufficient, reliable, relevant and useful to support engagement results). They will also ensure auditors follow all relevant guidance with variance clearly set out.
 - **Staff are developed:** The engagement reviewer(s) will ensure the team fully consider their own development goals and will support them in their achievement.
20. We save evidence of review through use of Pentana's 'Completed' and 'Approved' markers. We may raise review notes during an engagement, but will often not save them when closing

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a file. Similarly, we will not typically keep interim drafts of work in Pentana after completing an engagement, but auditors may extract and file separately to aid their personal development.

21. Review is not directive on matters of professional judgement. Each auditor is a professional in their own right, bound by the Code of Ethics to act with integrity. This includes a responsibility for auditors to not follow audit approaches or findings that conflict with their professional judgement. We have in place a *Professional Judgement Policy* setting out how we deal with differences of judgement that arise within audit teams. However as set out in Standard 2340, the Chief Audit Executive holds overall responsibility.
22. Depending on the risk associated with the audit and team experience, engagements may have either or both an 'A' or 'B' Reviewer. Their different standard roles are:
 - **A Reviewer:** Responsible for direct supervision of the lead auditor(s) including detailed review of fieldwork. Will read draft client communications to ensure consistency with the documented engagement findings. The A Reviewer will typically have a more 'hands on' or coaching style engagement with the lead auditor(s), so will play a key role in development. An A Reviewer could be a Manager or Senior Auditor.
 - **B Reviewer:** Responsible for overall quality assurance and issuing formal client communications. The 'B' Reviewer will always be a Manager.
23. Where an engagement has a single reviewer, that reviewer will always be a Manager combining both 'A' and 'B' roles.
24. Deciding whether to have a single or dual review rests with the manager who has responsibility for the relevant audit plan. Typically, engagements led by a Senior Auditor will have a single reviewer and those led by an Apprentice will have dual review. The Manager should set out the early review rationale at Step P0 and affirm after planning is complete at Step P6. Where circumstances of the engagement need a later decision to expand the review team, the decision and reasoning will feature in at Step F1.
25. An *Issuing Managers' Guide* sets out considerations for Managers when issuing formal client communication. This Guide also includes the conditions under which the Chief Audit Executive has delegated his responsibilities under Standard 2440 (Disseminating Results).
26. Besides review of individual engagements we also undertake periodic **Cold Reviews**. These take place after completing the engagement file and seek to look back on the work to assess quality and conformance with Standards. Twice a year we will undertake a **Cold Review** of a sample of files using the checklist and approach set out in the appendix to this plan.

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Improvement

27. An important feature of our Improvement plan is to ensure we take a comprehensive look at our approach. Just like an audit universe must eventually touch on every part of our work. The examination won't necessarily result in change, but we ought not assume anything is perfect and could not bear improvement. At the appendix we show the internal 'audit universe'.
28. Deciding where to focus will draw on three principal sources of information:
- **Professional Updates:** Information produced by the profession, for example IIA Position Papers. We have a specific approach to considering these, set out below.
 - **External Feedback:** Information from our partner authorities on the strengths and weaknesses of the service and where we might develop.
 - **Internal Feedback:** Information drawn from review (including cold review) as well as comments from the audit team on how they find working with our approach.

Professional Updates

Professional institutes such as the IIA and CIPFA sometimes issue guidance for internal auditors to consider. For the IIA, such guidance may also feature in the International Professional Practices Framework. The IIA publishes its updates (available to members only) [at this link](#). We will also receive updates through bodies such as the Internal Audit Standards Advisory Board, the Local Authority Chief Auditors' Network and Kent and London Audit Groups.



29. We will consider relevant updates through the Management Team. As well as influencing the QAIP, we may put updates to more immediate use, for example by informing training.
30. We will go through a similar approach when considering whether and how to adopt significant updates to our audit management software.

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Building the Improvement Plan



Considering evidence

- Professional Updates
- External Feedback
- Internal Feedback



Select Quarterly Focus Area

- Rebuttable presumption in favour of scheduled plan area
- Endorsed at Management Team
- MT commission area scope and approach



Review Focus Area

- Various possible review approaches, including internal working groups, hired consultants, client focus groups &c.
- No single approach, and mixed methods acceptable



Recommended Actions

- Paper to Management Team
- Three recommendation types: (1) Retain area unchanged, (2) Further work, (3) Changes recommended
- Paper will also consider **how** to implement change



Implement Change

- Could be immediate if relatively low impact
- Could wait until new audit year
- Could be after further review and consultation



Review Change

- Annual summary of QAIP considered by Management Team and at Team Day
- QAIP results also reported to Senior Management and Members
- Review periods build into papers recommending significant change

One key point is that this approach exists to preserve structure, ensure quality and treat issues consistently. It is not a barrier to innovation. We welcome people's ideas on how to improve our work, in big and small ways. We will continue to innovate outside this formal structure where doing so improves the service we offer.

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The Improvement Plan

We aim to keep a two-year rolling programme of matters to examine within the audit universe. Below is the current draft. We will keep a current version in the audit team shared drive. We will also publish a report each year to Members.

Year	Focus Area	Draft Objectives	Timing
2020/21	Assurance Ratings & Finding Priorities	Clarify the purpose of our use of assurance ratings and findings priorities. Consider whether the current definitions remain fit for that purpose and propose alternatives for consultation with officers and members.	Proposal for consultation by Christmas 2020. Consult and pilot through 2021/22 & introduce 2022.
	Ethics	Fulfil EQA recommendation of improved declarations of interest within the audit team.	Proposal by early 2021 to go live alongside Spring 2021 appraisals.
	Client Liaison	Review our approach to engaging with audit contacts to explain the process and purpose of audit.	Proposal by Spring 2021 to go live when introducing 21/22 plan engagements.
2021/22	Review Process	Consider our approach to completing file reviews and ensuring it supports consistency, quality and development.	Proposal by Summer 2021 for introduction across Autumn
	Assurance Mapping	Using anticipated new Pentana feature, draw up an approach to creating assurance maps across authorities.	Proposal by Christmas 2021 for incorporation into 22/23 audit planning.
	Test Completion	Following on from looking at file reviews, consider approach to testing. In particular scope for greater use of computer assisted audit tools.	Proposal by early 2022 for implementation in 22/23 audit year.
	Risks & Controls	Review our guidance to support auditors in identifying and documenting risks and controls	Proposal by spring 2022 for 22/23 year engagements.

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Annex I: Mid Kent Audit Process Universe

Planning Processes

- **Background Research & Intelligence:** How we research businesses and systems.
- **Client Liaison:** The information we provide to clients. **2020/21 Plan**
- **Budget Planning:** How we draw up and monitor budgets.
- **Risks & Controls:** Identifying, documenting and assessing. **2021/22 Plan**
- **Test Creation:** Drawing up efficient and effective tests

Fieldwork Processes

- **Documentation:** What we keep on file and how it is presented.
- **Test Completion:** Approaches including tools such as CAATs. **2021/22 Plan**
- **Sampling:** Selection apt samples and documenting rationale for selection.
- **Findings/Causes/Effects:** Identifying findings and ascribing causes and effects.
- **Amending Work Programmes:** How and when to amend and documenting any changes.

Reporting Processes

- **Assurance & Finding Ratings:** Is our system of ranking fit for purpose? **2020/21 Plan**
- **Follow-Up:** Is our approach effective at efficiently supporting improvement?
- **Report Formats:** Considering templates and standard content.
- **Review Process:** Does it ensure quality and support team development. **2021/22 Plan**

Other Processes

- **Annual Planning:** Process to support developing the plan for Members
- **Ethics:** Ensuring and documenting adherence to code. **2020/21 Plan**
- **Audit Management Software:** What package we use and when to upgrade.
- **Assurance Mapping:** How we consolidate information on assurance. **2021/22 Plan**
- **Consolidated Reporting:** Reporting results of our work at an authority level to Senior Officers and Members.

Annex II: Cold Review Process and Checklist

We will be piloting cold reviews in Spring 2021. We will add the final approved checklist arising from those pilots in the Quality and Improvement Plan from mid-2021/22 onwards.