

# IAS QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

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## 1. Introduction

The IIA's International Professional Practices Framework (IPPF) defines a quality assurance and improvement program (QAIP) as:

'An ongoing and periodic assessment of the entire spectrum of audit and consulting work performed by the internal audit activity. These ongoing and periodic assessments are composed of rigorous, comprehensive processes; continuous supervision and testing of internal audit and consulting work; and periodic validations of conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards. This also includes ongoing measurements and analyses of performance metrics (e.g., internal audit plan accomplishment, cycle time, recommendations accepted, and customer satisfaction). If the assessments' results indicate areas for improvement by the internal audit activity, the chief audit executive (CAE) will implement the improvements through the QAIP.'

This document outlines the IAS QAIP, including the elements in place and planned. The IPPF practice guide notes 'Under the QAIP, quality should be assessed at both an individual audit engagement level as well as at a broader internal audit activity level. A well-developed QAIP will ensure that quality is built in to, rather than on to, the way the internal audit activity operates. In other words, an internal audit activity should not need to assess whether each individual engagement conforms to the *Standards*. Rather, engagements should be undertaken in accordance with an established methodology that promotes quality and, by default, conformance with the *Standards*.'

The following sections document the current activity. Actions to develop the approach are identified and tracked in a separate document.

## 2. Approach

All staff in IAS have responsibility for maintaining quality. The activities outlined below involve all staff. The Director of Internal Audit is responsible for determining the overall approach. The following sections provide an overview of the current approach.

### 3. Periodic Quality Assurance activity

- 3.1 IAS undertakes an annual review of activity. This can take a number of forms, including self-assessment, peer review, peer review with evidence based on CHEIA benchmarking tool; or external review.

There is a requirement under the IPPF standards that “the internal audit activity undergoes an external assessment (either an *independent* external assessment or a self-assessment with *independent* validation) at least once every five years by an **independent** assessor or assessment team from outside the organization that is qualified in the practice of internal auditing as well as the quality assessment process”.

### 3.2 CHEIA benchmarking tool

The Council of Higher Education Internal Auditors (CHEIA) benchmarking tool is a comprehensive exercise involving a 60 question Quality Assurance self-assessment, scoring activity in a number of areas (due professional care, strategy, methodology, people, independence and quality assurance). Results can be anonymously submitted to CHEIA to enable benchmarking against other services in the sector.

IAS completes this annually unless other periodic assurance activity is undertaken.

This exercise was completed from 2007/08 to 2010/11 and again this year<sup>1</sup>. This included evidence-based peer-review in 2008/09 and 2009/10 and self-assessment in 2007/08, 2010/11 and 2013/14.

### 3.3 External review

As the IPPF requires, IAS is independently reviewed at least every five years and the approach to be adopted is determined in conjunction with Audit and Risk Committee.

The latest review was performed by RSM Tenon in summer 2012. The review assessed the effectiveness and impact of the service provided by IAS, including whether objectives are appropriate and whether they are being met. It included an in-depth examination of governance, operation and working practices to assess:

- compliance with applicable professional standards and regulatory requirements
- whether it meets the needs of stakeholders
- efficiency and effectiveness of operation
- best in class audit practices.

The review concluded “Based on the work we have undertaken, the University of Nottingham’s Internal Audit Service is in conformance with the International Standards for the Professional Practice of Internal Auditing.” It identified areas of good practice and made recommendations in a number of areas, which were taken forward and monitored in an IAS action plan.

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<sup>1</sup> The tool was not completed in 2011/12 and 2012/13 due to the IAS review in summer 2012 and follow-up the following year – see 3.3.

#### **4. Ongoing Quality Assurance activity**

A range of quality assessment and improvement activities are built into the ongoing IAS approach, including:

- Availability of detailed audit procedures, which are updated regularly to reflect changes in the Standards, developing ways of working and University changes
- Budgets assigned to audit work
- Discussion of scope with management evidenced on A3 document and signed by the Director of Internal Audit
- File review – sign off of all working papers and use of review notes
- Director of Internal Audit review of all audit reports
- Audit control document (A1) captures Actual vs Budgeted hours, key dates or completing work and reporting, identifies good practice and notes areas for consideration in future audit work
- File clearance involves further Director of Internal Audit review, with action points identified and followed-up
- One-to-one and group feedback from the Director of Internal Audit on operation of procedures
- Feedback questionnaires sent to audit contacts after completion of work.

The IAS Annual Report includes a section on Quality Assurance.