

NSW Treasury Quality Assurance and Improvement Program

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Summary

Under the [*International Standards for the Professional Practice of Internal Auditing – 1300*](#) (International Standards) contained in the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA), the Chief Audit Executive (CAE) or equivalent of an agency must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

NSW Treasury's *Internal Audit and Risk Management Policy* (TPP 20-08) requires Treasury to have in place a documented and operational Quality Assurance and Improvement Program (QAIP) around its internal audit function.

1. Purpose

The QAIP is designed to provide reasonable assurance to NSW Treasury's various stakeholders that internal audit:

- performs its work in accordance with Treasury's Internal Audit Charter and Code of Ethics and Conduct, and consistent with the International Standards;
- operates in an efficient and effective manner, and;
- is perceived by stakeholders as adding value and improving internal audit's operations.

2. Key Elements

To that end, the QAIP covers the following elements.

1. Ongoing monitoring of the internal audit activity through:

- a. supervision of engagements;
- b. regular and documented review of work papers during engagements;
- c. the use of audit policy and procedures for each engagement to ensure compliance with applicable standards;
- d. feedback from customers on individual engagements;
- e. review and approval of all final reports by the CAE

2. Internal assessments including periodic reviews and ongoing reviews through:

- a. regular Audit and Risk Committee (ARC), management and customer feedback/surveys;
- b. review of internal audit performance metrics and benchmarking of best practices in accordance with audit policy and procedures;
- c. periodic activity and performance reporting to the ARC ;
- d. a statement from the outsourced internal audit provider confirming their work conforms with the Standards.

3. External assessments on internal audit's conformance with the International Standards, its Internal Audit Charter and Code of Ethics and Conduct:

- a. conducted at least every five years by an independent assessment team from outside Treasury;
- b. the scope of which will cover elements such as expectations of internal audit as expressed by executive management, and operational managers, integration of the internal audit activity into Treasury's governance processes, tools and techniques used by Internal Audit.

4. Reporting on the QAIP through:

- a. the results of internal and external assessments including assessment against the rating scale included in Section 4 below will be reported to the ARC and to senior management at least annually;
- b. corrective actions as appropriate to ensure that recommendations made in reports and any action plans developed are implemented within reasonable timeframes.

The frequency and timing of the above elements is further detailed in Section 3 below.

3. Review

This QAIP will be reviewed at least annually. The review will include consideration of any changes to the program that could impact the overall quality program, any new and/or revised standards and requirements, and stakeholder feedback.

4. QAIP schedule¹

This QAIP includes a rating scale to assess the level of conformance of the internal audit activity with the Standards as follows:

Legend	
<ul style="list-style-type: none"> • Generally effective OR • Internal Audit good practice OR • Generally conforms with the International Standards for the Professional Practice of Internal Auditing 	Conforms
<ul style="list-style-type: none"> • Opportunity for improvement OR • Partially conforms with the International Standards for the Professional Practice of Internal Auditing 	Partially conforms
<ul style="list-style-type: none"> • Not effective OR • Does not conform with the International Standards for the Professional Practice of Internal Auditing 	Does not conform

No.	Standard	Quality Standard and Elements	Frequency	Timing	Result	Implement	Review	Responsible	Rating
1	1300, 1310	Quality Assurance and Improvement Program (QAIP)							
1.1	Quality Assurance and Improvement Program maintained for Internal Audit.		Annual review	Sep ARC					
1.2	Quality Assurance and Improvement Program aligns with the Standards.		Annual review	Sep ARC					
1.3	Quality Assurance and Improvement Program comprises: <ul style="list-style-type: none"> • Internal Assessments – Ongoing. • Internal Assessments – Periodic. • External Assessments. 		Annual review	Sep ARC					

¹ Taken from Institute of Internal Auditors template *Internal Audit Quality Policy*

No.	Standard	Quality Standard and Elements	Frequency	Timing	Result	Implement	Review	Responsible	Rating
1.4		Progress against the audit plan	Fortnightly meetings with the service provider	Quarterly reports to the ARC					
2	1311	Internal Assessments – Ongoing							
2.1		Review risk register prior to commencing audit	As required						
2.2		Review the scope of all audit engagements prior to commencement	As required						
		Review of audit recommendation and whether these add value	Monthly	Quarterly reports to the ARC					
2.2		Work-paper review and supervisor sign-off on internal audit engagements both in-house and service provider.	Ongoing	During and after each audit					
2.3		Performance evaluations of internal audit engagements both in-house and service provider.	Ongoing	After each audit					
2.4		Actual versus budgeted analysis (monitoring metrics) after internal audit engagements: <ul style="list-style-type: none"> Budget versus actual time. Estimate versus actual elapsed time. 	Ongoing	After each audit					
2.5		Client feedback survey after internal audit engagements.	As required	After each audit					
2.6		A statement from the outsourced internal audit service provider confirming their work conforms to the Standards.	Ongoing	After each audit					
3	1311	Internal Assessments – Periodic							

No.	Standard	Quality Standard and Elements	Frequency	Timing	Result	Implement	Review	Responsible	Rating
3.1	Review of Internal Audit Charter.		Annual	Sep ARC					
3.2	Self-assessment of conformance to the Standards.		Annual	Sep ARC					
3.4	Audit Committee and management feedback surveys.		Annual	Sep ARC					
	Periodic Self-assessment by the service providers reviewed by the CAE		Annually	Annual report to the ARC at the meeting after the end of the financial year					
3.6	File reviews for internal audit engagements – in-house and service provider.		Ongoing						
3.7	Staff sign declaration concerning: <ul style="list-style-type: none"> Conformance to Treasury's Code of Ethics and Conduct Conformance to Internal Audit Charter Conflicts of interest 		Annual	Sep ARC		All Internal Audit staff and service provider personnel			
3.9	A statement from the outsourced internal audit service provider confirming their work conforms to the Standards.		Annual (and/or as required)	Sep ARC		Service provider			
4	1312	External Assessments							
4.1	An independent External Quality Assessment of Internal Audit performed at least once every 5 years by an independent assessment team		5-yearly	Shared with ARC following					

No.	Standard	Quality Standard and Elements	Frequency	Timing	Result	Implement	Review	Responsible	Rating
		from outside the organisation. Report provided to the ARC		completion of review					
5	1320	Reporting on the Quality Assurance and Improvement Program							
5.1		Results of Quality Assurance and Improvement Program reported to the Audit Committee and senior management.	Annual	Sep ARC					