

Appendix 2: Independent review of the Internal Audit Service

The External Quality Assessment (EQA) Process

For each client, this will involve an examination and assessment of:

- **the internal audit charter:** the scope of internal audit activities, policies, reporting lines, independence and objectivity
- **related governance structures, policies and relationships in action:** the terms of reference for the audit committee, the three lines of defence model, key interactions with the senior executive team and other stakeholders
- **the internal audit strategy and annual plans:** how risk based plans are designed, resourced and updated to satisfy the organisations expectations
- **the way assurance is coordinated for the audit committee** to avoid duplication and gaps in order to optimise the use of assurance resources within the three lines of defence model
- **quality assurance arrangements:** processes and performance measurement
- **processes:** including the use of internal audit technology
- **engagement files and reports:** a cross section from the audit plan
- **reporting** and follow-up arrangements.

Initially, this will involve a desk review of documents supplied as well as the evidence included in the self assessments against the Standards completed for each of the team's clients.

When on site, the reviewer will:

- look at audit files selected from the audit plans to give an in-depth view of key subject matter and the performance of internal audit staff and contractors
- discuss internal audit's performance with key stakeholders and staff.

When completing the file reviews, the reviewer has been requested to cover:

- the work of each in-house auditor
- each type of audit approach the team uses e.g. contract audit, risk based approach etc.
- each contractor (to a limited degree).

In-house staff will be surveyed. Consideration is being given as to whether to also survey services, given the level of client feedback the team already obtains.

A detailed report with recommendations will be provided at the conclusion of the work which will include:

- an assessment of Internal Audit's conformance to the Standards with a summary of results
- a view on the maturity of the Internal Audit service as well as examples and suggestions on how excellence can be achieved.