

Security Control and Audit Ltd.

Moore NI

External Quality
Assurance Review

August 2020

Executive Summary

This external quality assurance review was commissioned by Moore NI as part of their aim to comply with the Public Sector Internal Audit Standards (PSIAS). Moore NI requested that the review was based on the Internal Audit Quality Assessment Framework (HMG Treasury, 2013), which itself is aligned with the IPPF. The reviewer was also requested to take a critical look at the existing working practices with a view to making recommendations for improvement.

In summary, there were only seven areas from eighty-one where Moore NI are not in full compliance with the PSIAS. Five areas were in 'general conformance' and just two were assessed as 'partial conformance'. Additionally, there are some aspects where audit working practices could be improved. This, however, in no way detracts from the level of assurance Moore NI are providing to their clients.

It was very pleasing to note that Moore NI have implemented all the important recommendations identified in the External Quality Assurance report of 2015.

In July 2020 Moore NI internal audit requested their clients to complete an impact assessment on their performance. The results demonstrate that client expectations are being clearly met as their internal audit service received a score of over 90 per cent in each of the three categories measured.

The overall assessment is that Moore NI internal audit team are in full compliance with the PSIAS.

Distribution

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Management Summary

Introduction

This external review was commissioned by Moore NI to comply with the Public Sector Internal Audit Standards (PSIAS). Standard 1300 of the PSIAS requires all those who deliver internal audit services to undergo an external quality assurance review every five years.

The quality assurance assessment was undertaken using the Internal Audit Quality Assessment Framework published by HMG Treasury in 2013. The framework is aligned with the PSIAS and is attached as a supporting document.

Deliverables of the external review

The six deliverables of the external review requested by Moore NI cover the following:

- Conformance with the PSIAS including the Definition of Internal Auditing, the Code of Ethics, and internal audit's Charter, plans policies, procedures, practices, and any applicable legislative and regulatory requirements.
- Expectations of Moore NI as a provider of Internal Audit services as expressed by client Audit Committee members and client executive management to include operational managers
- Integration of the Internal Audit activity into client's governance process, including the audit relationship between and among the key groups involved in the process
- Tools and techniques used by Internal Audit
- The mix of knowledge, experiences, and disciplines within the staff, including staff focus on process improvement
- A determination of whether Internal Audit adds value and improves client operations.

Conformance with the PSIAS

Overall Moore NI internal audit service fully conforms with the PSIAS. The following areas are noted where it either generally or partially conforms.

- Use of a protocol in dealing with co-source / co-share arrangements,
- Use of data analytics, and
- Quality assurance – in particular the Quality Improvement Plan.

While there is less than full conformance in some areas this does not detract from the level of assurance that the Moore NI internal audit service can provide to its clients.

Appendix A discusses the good practice statements against which the Moore NI internal audit service has been assessed, the evidence used to evaluate the level of conformance and the resulting level of conformance.

Expectations of Moore NI

Client feedback systems currently include quarterly meetings with the audit committee, written feedback received through the client satisfaction survey process and any verbal or other feedback such as individual emails. This is all positive.

The Impact questionnaire contained in section 5 of the HMG Treasury Internal Audit Quality Assessment Framework was issued by Moore NI internal audit service in July 2020. This was sent to Audit Committee and Senior Leadership Team members for all their clients. Analysis of the results (Appendix B) indicates strong support for the internal audit service provided by Moore NI. Across all three of the assessment areas of Internal Audit Standing and Reputation, Impact on Organisational Delivery and Impact on Governance, Risk and Control the service had a score of over 90 per cent which is an excellent achievement. An analysis of the feedback is at Appendix B.

Integration of the Internal Audit activity

The primary sources of integration into the client's governance process are:

- The relationship with the audit committee;
- Review and approval of the risk-based audit plan;
- Monitoring the results of the audit plan;
- Results of audit work; and
- Working with other assurance providers

Additionally the audit team gains insight into the governance processes through the relationships they build with individual managers and employees. The latter is confirmed by the excellent results from the client satisfaction surveys and the July 2020 Impact assessment questionnaire.

Assurance providers

Moore NI can provide consultancy work such as facilitation of risk management workshops and audit committee training as required.

Tools and techniques

While the internal audit service largely conforms with the requirements of the PSIAS there are a number of areas where improvements can be made or the implementation of good practice considered. These are discussed in Appendix C.

The particular areas to be considered are:

- o Protocols for working as a co-source provider,
- o Data analytics,
- o Agile approach to audit assignments,
- o Quality Improvement Plan,
- o Key performance measures,
- o Co-ordinated assurance,
- o Audit reporting, and
- o Risk factors and testing outcomes.

The mix of skills and knowledge

The Moore NI internal audit team is small but can call upon expertise across Moore NI and the global Moore group as well as external consultancies for more complex IT and cyber related work.

Moore NI uses its own competency framework, which is similar to the one published by IIA Global. A copy of the skills underpinning the IIA Global competency framework is attached at Appendix D.

Whether Internal Audit adds value and improves client operations

The results of the Impact Assessment questionnaire completed by clients in July 2020 clearly shows that the Moore NI audit service provides value and improves their client's operations. Whilst not detracting from this excellent performance the audit service can look a little more deeply into the critical success factors that underpin the questions on value and improvement in the questionnaire. Some clients noted that it 'can be difficult to quantify the benefits / impact' or there are 'no mechanisms to measure this on a one-to-one relationship basis'.

Any work in this area will be helped by developing more outcome based key performance measures which are a key indicator of value and improvement.

Conclusion

Overall Moore NI internal audit team provide a good quality and conscientious service to their clients.

However, the environment in which all organisations will be operating post-Covid 19 will be disruptive and changeable. Internal audit must be seen to be able to adapt to this new environment by providing their clients with the right type of service which has a balanced focus of hindsight, insight and foresight.

Investment in data analytics, new approaches to audit like Agile; quality improvement plans, better coordination of assurance and outcome-based performance measures will help Moore NI to balance their offering and stand out from competitors as a team who not only provide client value but can measure it as well.

Marian Silltow, FCMIIA CIA
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