



HM TREASURY

EQA Specification

Introduction

This document forms the basis of a specification for the procurement of an External Quality Assessment (EQA) of a government internal audit service. The document sets out the key requirements that should be included in the specification along with a description of the information about the service and the department that needs to be included.

The body or bodies procuring the review should incorporate the information detailed below into their own / departmental one off tender process. Given both the value and frequency of the EQA requirement it is not considered necessary to establish a government wide framework. For these reviews however, existing frameworks may be used as appropriate.

Background

The Public Sector Internal Audit standards set out that an EQA must be performed by an independent body once every five years. To facilitate a consistent level of review the Treasury have developed an Internal Audit Quality Assessment Framework which sets out process and defined statements of good practice against which the assessment should be made.

The internal audit service to be reviewed as part of this EQA comprises.....

[Provide a clear description of the internal audit service to be reviewed including,

- size of function (number of staff),*
- bodies audited and number of reviews performed on an annual basis,*
- details of any outsourced/co-sourced arrangement,*
- locations*
- reporting lines*
- owner of the final report*
- any key dates that need to be met*
- definition of the Chief Audit Executive for the purposes of the review.*

Note - Where a service has been outsourced to the extent permitted, audit work from the provider should be included. In the event that existing contracts preclude the work of the external provider, this limitation should be made explicit].

Summary of requirements

The provider is required to perform a review the internal audit service in accordance with the Internal Audit Quality Assessment Framework (IAQAF). It is envisaged that this would be carried out by:

- interviews with key internal audit stakeholders (*suggested interview list to be detailed*);
- meetings with the Chief Audit Executive and members of the internal audit team as required;
- an electronic questionnaire to be sent to a wide range of 'customers' (as set out in the IAQAF)
- a review of key documentation to understand the current processes to include audit plan, Charter, Audit Committee reports, internal audit reports and a sample of working paper files [*sample size to be defined or to be a question for the potential providers*]. This should also include an overview of the process used by Group Assurance to ensure that actions are dealt with on a timely basis;
- evaluation of the internal audit function against the IAQAF including consideration of best practice and the Institute of Internal Audit Standards and code of ethics as appropriate;
- presentation of key findings and recommendations to (*recipient to be defined*);
- A completed written IAQAF assessment including recommendations.

Supplier selection criteria

Suppliers should set out their responses to the following requirements:

- Confirm your Independence from the internal audit service to be reviewed
- Detail your understanding of internal audit across central government and your experience of working with government departments and arms length bodies
- Experience of the proposed team performing the review
- Experience of similar engagements
- Proposed approach to completing the IAQAF
- Detail your ability to deploy electronic questionnaire
- Indicative timings for planning, execution and reporting
- Detail the proposed pricing structure
- Detail any conflicts or limitations in your ability to perform the EQA including any restrictions on your ability to undertake reviews of outsourced and co-sourced partners.