

CIPFA: The Role of the Head of Internal Audit in Public Sector Organisations

Principle 1.	
The Head of Internal Audit (HIA) in a public service organisation champions best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments.	
Governance requirements	How compliance is demonstrated
1.1 Sets out the HIA's role in good governance and how this fits in with the role of others, in particular the Chief Finance Officer (Executive Director Corporate Services)(CFO), the Monitoring Officer and the Head of Paid Service.	Detailed within HIA's job description to contribute to the effectiveness and improvement of corporate governance. Set out in Financial Guidance, Audit Strategy and Audit Manual how HIA's role fits in with the role of others.
1.2 Ensure that the importance of good governance is stressed to all in the authority, through policies, procedures and training.	Lead on policies relating to good governance – counter fraud, financial guidance, risk management etc
1.3 Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.	HIA involved in Corporate meetings, repairs contract, Corporate Change Programme and consulted regarding policies.
1.4 Require staff to report suspected or detected fraud, corruption or impropriety to the HIA	Detailed within the counter fraud and corruption strategy, financial guidance and the constitution which are available on the intranet and website (as applicable)
Core HIA responsibilities	How compliance is demonstrated
1.5 Working with others (including the CFO, the Monitoring Officer and the Head of Paid Service) to promote the benefits of good governance throughout the	Lead on e learning solution for good governance

organisation	
1.6 Giving advice to the Leadership Team and others on the control arrangements and risks relating to proposed policies, programmes and projects.	Completed as required
1.7 Promoting the highest standards of ethics and standards across the authority based on the principles of integrity, objectivity, competence and confidentiality.	Completed as part of audits and review and maintenance of Counter fraud and corruption strategy. Lead on e-learning governance training
1.8 Demonstrating the benefits of good governance for effective public service delivery and how the HIA can help.	Part of the Governance working group and leads on production of Annual Governance Statement. Promoted in e-learning solution. Internal Audit Intranet page details services provided and good governance
1.9 Offering consultancy advice where the HIA considers that it is appropriate, drawing up clear terms of reference for such assignments.	Consultancy advice is provided as requested. Terms of reference are drawn up as necessary for consultancy assignments
Personal skills and professional standards	How compliance is demonstrated
1.10 Provide leadership by giving practical examples of good governance that will inspire others.	Completed as part of projects etc. Areas of good practice are noted in audit reports.
1.11 Deploy effective facilitating and negotiating skills.	Effective facilitating and negotiating skills used
1.12 Build and demonstrate commitment to continuous improvement.	Completed as part of service review – new initiatives completed to improve service. Introduction of Covalent electronic working papers, audit files etc. Team building/working together Part of Corporate Change

	Programme
1.13 Demonstrate consultancy skills as appropriate- analytical, problem solving, influencing and communicating.	Demonstrating through critical friend role on Corporate Change Programme and when advice and guidance sort.
<p>Principle 2</p> <p>The Head of Internal Audit in a public service organisation gives an objective and evidenced based opinion on all aspects of governance, risk management and internal control.</p>	
Governance requirements	How compliance is demonstrated
2.1 Set out the responsibilities of the HIA, which should not include the management of operational areas.	Detailed with job description and detailed within financial guidance
2.2 Ensure that internal audit is independent of external audit.	Internal audit is independent of external audit.
2.3 Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the internal audit strategy for these and associated plans and reports and ensure the work is independently managed.	As expected. HIA responsible for Risk Management. Risk Management reported to Audit and Governance Committee.
2.4 Establish clear lines of responsibility for those with an interest in governance (e.g. Head of Paid Service, Monitoring Officer, Chief Financial Officer, Audit Committee, members). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies.	Clear lines of responsibility have been established for officers detailed.

<p>2.5 Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns</p>	<p>Detailed within financial guidance and the Internal Audit Charter</p>
<p>2.6 Agree the terms of reference for internal audit with the HIA and the Audit Committee and the CFO, as well as with the Leadership Team.</p>	<p>Detailed within financial guidance and the Internal Audit Charter which is approved by CMT and the Audit & Governance Committee</p>
<p>2.7 Set out the basis by which the HIA can give assurance to other organisations and the basis on which the HIA can place reliance on assurances from others.</p>	<p>Detailed within the Internal Audit Charter</p>
<p>2.8 Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g. risk management, corporate planning, anti-fraud and corruption and whistle blowing.</p>	<p>HIAS lead on policies etc for counter fraud, risk management, whistle blowing</p>
<p>2.9 Ensure that the annual internal audit opinion and report are issued in the name of the HIA.</p>	<p>Annual audit opinion and report is issued in the name of the HIAS to the Audit and Governance Committee.</p>
<p>2.10 Include awareness of governance in the competencies required by members of the Leadership Team.</p>	<p>Awareness of governance is required for members of CMT</p>
<p>2.11 Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it. The HIA should not be responsible for preparing the report.</p>	<p>HIAS lead on preparing annual governance statement– due to the size of the authority and previous years involvement, it is not practical to move this responsibility to another officer. Internal Audit role defined within Annual Governance Statement</p>

<p>2.12 Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.</p>	<p>Internal audit charter (in compliance with the Public Sector Internal Audit Standards) is approved by CMT and the Audit & Governance Committee</p>
<p>Core HIA responsibilities</p>	<p>How compliance is demonstrated</p>
<p>2.13 Giving assurance on the control environment. This includes risk and information management and internal controls across all systems.</p>	<p>This is completed quarterly to feed into the annual opinion. The audit risk assessment covers all the areas of the authority.</p>
<p>2.14 Reviewing the adequacy of key corporate arrangements including e.g. risk strategy, risk register, anti fraud and corruption strategy, corporate plan.</p>	<p>HIAS responsible for maintaining risk strategy, counter fraud documents. Lead on corporate risk</p>
<p>2.15 Produce an evidence based annual internal audit opinion on the authority's control environment.</p>	<p>Quarterly update and annual report reported to the Audit & Governance Committee</p>
<p>2.16 Working closely with others to ensure that sufficient and relevant evidence is used. Where relying on others, clarifying the degree and basis for the reliance.</p>	<p>Work with external audit. Do not rely on others for assurance purposes.</p>
<p>2.17 Reviewing significant partnership arrangements and major services provided by third parties and the controls in place to promote and protect the authority's interests. Assessing whether lines of responsibility and assurance are clear.</p>	<p>Reviewing of significant partners completed – risk based. Where partnerships in place with other local authorities, any internal audit reports shared</p>

2.18 Liaising closely with the external auditor to share knowledge and to use audit resources most effectively.	As expected – regular meetings held to ensure that work not duplicated
2.19 Producing an internal audit strategy that fits with and supports the authority's objectives.	As expected – strategy supports the authority's objectives
2.20 Reviewing the authority's risk maturity (including the authority's own assessment) and reflecting this in the strategy.	Completed – if the risk register is not of sufficient standard to inform audit planning, IA risk assessment completed but assessment of risk consulted with CMT
2.21 Consulting stakeholders, including senior managers and Members on the internal audit strategy.	As expected – presented to CMT and the Audit & Governance Committee
2.22 Setting out how the HIA plans to rely on others for assurance on the authority's controls and risks and taking account of any limitations in assurance given by others.	HIA asks for other assurances provided to assist in audit planning.
2.23 Liaising with external inspectors and review agencies where appropriate when drawing up the Internal audit strategy.	As appropriate
2.24 Liaising with the external auditor on the internal audit strategy, but not being driven by external audit's own priorities.	As appropriate
Personal skills and professional standards	How compliance is demonstrated
2.25 Give clear, professional and objective advice.	Clear, professional and objective advice is given
2.26 Report on what is found, without fear or favour.	Report on a quarterly basis directly to the Audit & Governance committee. Have direct access to the Executive Director – Corporate Services and the Chief Executive

2.27 Demonstrate integrity to staff and others in the authority.	As expected – compliance with the Public Sector Internal Audit Standards
2.28 Exercise sound judgement in identifying weakness in the authority’s control environment and a balanced view on how significant these are.	As expected – high priority recommendations are defined. Low priority recommendations are identified for management information but not included in the final report.
2.29 Work well with others with specific responsibilities for internal control, risk management and governance including the Head of Paid Service, the Monitoring Officer, the CFO, Audit Committee and Members	Good working relationships with Head of Paid Service, Monitoring Officer, CFO and Audit & Governance Committee and members
2.30 Be concerned for action-influencing the Leadership Team, Audit Committee and others to ensure the HIA’s recommendations are implemented.	Have access to CMT and Audit & Governance Committee to raise concerns if audit actions not implemented. Implementation reported to Audit & Governance quarterly
2.31 Be a role model, dynamic, determined, positive, robust and with resilient leadership, able to inspire confidence and respect and exemplifying high standards of conduct.	As expected.

Principle 3	
The Head of Internal Audit in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the Audit Committee	
Governance requirements	How compliance is demonstrated
3.1 Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement.	Designated as Head of Internal Audit Services(HIAS)
3.2 Ensure that where the HIA is an employee that they are sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.	As expected – direct access to CFO (ED-CS) and Head of Paid Service, Audit & Governance Committee HIAS reports directly to ED-CS
3.3 Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier.	ED-CS is line manager and member of CMT
3.4 Establish an Audit Committee in line with guidance and good practice.	Audit & Governance Committee established in accordance with CIPFA guidance. Annual review of committee's effectiveness

<p>3.5 Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA.</p>	<p>HIAS reports directly to the Audit & Governance Committee – no involvement in the appointment of the HIAS but chair of Audit & Governance to feed into the HIAS PDR process as per the new Internal Audit Standards</p>
<p>3.6 Ensure that the organisation's governance arrangements allow the HIA:</p> <ul style="list-style-type: none"> - to bring influence to bear on material decisions reflecting governance; - direct access to the Chief Executive, other Leadership Team members, the Audit Committee and External Audit; and - to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate. 	<p>As expected – direct access to the Chief Executive, members of the Corporate Management Team and the Audit & Governance Committee as well as External Auditors. Attendance at Corporate Management Team as required.</p>
<p>3.7 Set out an unfettered right of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.</p>	<p>As expected – laid down in financial guidance regards access rights</p>
<p>3.8 Set out the HIA's responsibilities relating to partners including joint ventures and outsourced and shared services.</p>	<p>As expected – laid down in financial guidance. Also detailed in contract documents Internal Audit's right of access.</p>
<p>Core HIA responsibilities</p>	<p>How compliance is demonstrated</p>
<p>3.9 Escalating any concerns through the line manager, CFO, Monitoring Officer, Head of Paid Service, Audit Committee, Leadership Team and external audit as appropriate.</p>	<p>As expected – the HIAS as right of access to approach ED-CS, Monitoring Officer, Head of Paid Service, Audit & Governance Committee, CMT and external audit to escalate any concerns</p>

3.10 Supporting the Audit Committee in reviewing its own effectiveness and advising the Chair and line manager of any suggested improvements.	As expected – review of the committee’s effectiveness completed annually
3.11 Consulting stakeholders, including senior managers and Members on the internal audit strategy.	As expected – issued to CMT prior to being approved at Audit & Governance Committee
Personal skills and professional standards	How compliance is demonstrated
3.12 Network effectively to raise the profile and status of internal audit.	As expected – regular meetings with CMT members on one to one basis – available to attend DMT meetings as requested
3.13 Adopt a flexible style, being able to collaborate and advise but also able to challenge as appropriate.	As expected – through work completed in project groups etc
3.14 Build productive relationships both internally and externally.	As expected – networking within Staffordshire and the Midlands. Attendance at team meetings as required
3.15 Work effectively with the Leadership Team and Audit Committee with political awareness and sensitivity.	As expected – Audit & Governance Committee politically neutral
3.16 Be seen to be objective and independent but also pragmatic where appropriate.	As expected in compliance with Public Sector Internal Audit Standards

Principle 4	
The Head of Internal Audit in a public service organisation must lead and direct an Internal Audit service that is resourced to be fit for purpose.	
Governance requirements	How compliance is demonstrated
4.1 Provide the HIA with the resources, expertise and systems necessary to perform their role effectively.	As expected – staffing resources adequate for the size of the authority.
4.2 Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate.	Performance is reported quarterly to the Audit and Governance Committee who can/ do ask for additional performance information.
4.3 Ensure that there is a regular external audit review of internal audit quality.	As expected – completed every five years. Self assessment completed annually against the Public Sector Internal Audit Standards on an annual basis.
4.4 Ensure that where the HIA is from another organisation that they do not also provide the external audit service.	N/A
Core HIA responsibilities	How compliance is demonstrated
4.5 Leading and directing the internal audit service so that it makes a full contribution to and meets the needs of the authority and external stakeholders.	As expected – work to provide service required with limited resources – ensure that coverage is appropriate
4.6 Determining the resources, expertise, qualifications and systems for the internal audit service that are required to meet internal audit's objectives; using a full range of resourcing options including consultancy, working with others and buying in where appropriate.	As expected – work to provide the best service with limited resources. Buy in specialist work as required. Working practices improved with electronic working papers

<p>4.7 Informing the CFO, the Leadership Team and the Audit Committee if there are insufficient resources to carry out a satisfactory level of Internal audit, and the consequence for the level of assurance that may be given.</p>	<p>Completed as part of the annual Internal Audit Charter & plan.</p>
<p>4.8 Implementing robust processes for recruitment of internal audit staff and / or the procurement of Internal audit services from external suppliers.</p>	<p>Recruitment and selection processes in place. Procurement processes in place</p>
<p>4.9 Ensuring that the professional and personal training needs for staff are assessed and seeing that these needs are met.</p>	<p>Part of the PDR process. CPD for professional bodies</p>
<p>4.10 Developing succession plans and helping staff with their career progression.</p>	<p>Part of PDR process. Audit Assistant has competency framework in place.</p>
<p>4.11 Establishing a quality assurance and improvement programme that includes:</p> <ul style="list-style-type: none"> - Ensuring that professional internal audit standards are complied with; - Reviewing the performance of internal audit and ensuring that the service provided is in line with the expectations and needs of its stakeholders; - Providing an efficient and effective Internal audit service – demonstrating this by agreeing key performance indicators and targets with the line manager and Audit Committee; annually reporting achievement against targets. - Putting in place adequate 	<p>As expected – audit manual in place and reviewed and updated Compliance with professional standards - PSIAS Quality questionnaires issued for annual survey which the results are reported to the Audit and Governance Committee Internal Audit performance indicators reported the Audit & Governance Committee on a quarterly basis Review process in place to review internal audit work Declaration of interests completed by internal auditors Continuous improvement completed for internal audit service e.g. use of Covalent audit software for recording and reporting on audit findings, revising audit reports, risk based</p>

<p>ongoing monitoring and periodic review of internal audit work and supervision and review of files, to ensure that audit plans, work and reports are evidence based and of good quality.</p> <ul style="list-style-type: none"> - Ensuring that any internal auditors declare any interests that they have. - Seeking continuous improvement in the internal audit service. 	<p>auditing, consultancy service.</p>
<p>4.12 Keeping up to date with developments in governance, risk management , control and internal auditing, including networking with other HIA's and learning from them, implementing improvements where appropriate.</p>	<p>As expected – all members of professional bodies, networking completed</p>
<p>4.13 Demonstrating how internal audit adds value to the authority.</p>	<p>Gives managers assurance on systems working effectively. Report identifies potential efficiencies.</p>
<p>Personal skills and professional standards</p>	<p>How compliance is demonstrated</p>
<p>4.14 Demonstrate leadership and be an ambassador for internal audit.</p>	<p>As expected</p>
<p>4.15 Create, communicate and implement a vision for internal audit service.</p>	<p>Internal Audit Charter reviewed and presented to Audit & Governance Committee annually. Forward thinking department – continuous improvement identified.</p>
<p>4.16 Create a customer focussed internal audit service.</p>	<p>Regular meetings to discuss audit planning with CMT members.</p>
<p>4.17 Establish an open culture, built on effective coaching and a constructive approach.</p>	<p>Detailed roles and responsibilities noted on intranet including open culture. To be reiterated through governance training</p>

<p>4.18 Promote effective communication within internal audit, across the broader organisation and with external stakeholders.</p>	<p>Effective communication within internal audit – small team – and across organisation. Promotion of e-learning will improve this.</p>
<p>4.19 Set and monitor meaningful performance objectives for staff.</p>	<p>Through PDR process and business planning</p>
<p>4.20 Manage and coach staff effectively.</p>	<p>As expected – PDR process in place. Competency framework in place</p>
<p>4.21 Comply with professional standards and ethics.</p>	<p>As expected – compliance with PSIAS</p>
<p>4.22 Require the highest standards of ethics and standards within internal audit based on the principles of integrity, objectivity, competence and confidentiality. In particular, ensuring that internal auditors identify and report any conflicts of interest and act appropriately.</p>	<p>Conflicts of interest identified and declared as necessary</p>
<p>4.23 Ensure, where necessary, that outside expertise is called upon for specialist advice not available within the internal audit service.</p>	<p>Advice can be sought as required through networking, calling on expertise ie computer audit.</p>
<p>4.24 Promote discussion on current governance and professional issues and their implications.</p>	<p>Staff members of different professional institutes. Close working team to discuss current issues.</p>

Principle 5	
The Head of Internal Audit in a public service organisation must be professionally qualified and suitably experienced	
Governance requirements	How compliance is demonstrated
5.1 Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation.	Professionally qualified – Member of the Chartered Institute of Internal Auditors Detailed within Financial Guidance roles and responsibilities
5.2 Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role.	As expected – professionally qualified, 20 + years Internal audit experience and staffing resources in-line with the size of the authority.
Personal skills and professional standards	How compliance is demonstrated
5.3 Be a full member of an appropriate professional body and have an active programme for personal professional development.	Member of the Chartered Institute of Internal Auditors Personal professional development through the Institute
5.4 Adhere to professional Internal audit (and where appropriate accounting and auditing) standards.	As expected adhere to PSIAS
5.5 Demonstrate a range of skills including communicating, managing and influencing, as well as an understanding of IT and consultancy.	Range of skills in place and measured through professional competency framework
5.6 Have prior experience of working in internal audit.	20 + years internal audit experience
5.7 Understand and have experience of strategic objective setting and management	As expected – Internal Audit Charter completed annually

5.8 Understand the internal audit and regulatory environment applicable to public service organisations.	As expected 20 + years Internal Audit and local government experience
5.9 Demonstrate a comprehensive understanding of governance, risk management and internal control.	As expected Professional (CMIIA) and academic qualifications (PGDip Audit) held in this area
5.10 Undertake appropriate development or obtain relevant experience as appropriate in order to demonstrate an understanding of the full range of the authority's activities and processes.	As expected – CPD, Networking, regular management updates completed to ensure latest developments known.