

**Appendix 3 – 2020-21  
Self-Assessment Against the CIPFA Role of the Head of  
Internal Audit (HIA) Statement**

The Statement sets out what CIPFA considers to be best practice for HIAs

	<b>Principle Definition</b>	<b>The Organisation:</b> Governance Requirements	<b>The Role:</b> Core HIA Responsibilities	<b>The Individual:</b> Personal Skills/ Professional Standards
1	<p>The head of internal audit (HIA) plays a critical role in delivering the organisation's strategic objectives by objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control.</p>	<p>CIA's role in the organisation's governance is set out in the Audit Charter which comply with PSIAS. The ToR establishes:</p> <p>The responsibility &amp; objectives of IA;</p> <ul style="list-style-type: none"> <li>• Organisational independence;</li> <li>• Accountability &amp; reporting lines;</li> <li>• The contribution made by the CIA to the internal control environment (including an assessment of its effectiveness) which in turn contributes to the Annual Governance Statement;</li> <li>• The access to all records, assets, personnel premises;</li> <li>• The requirement of the HIA to provide an annual audit opinion on the internal control environment.</li> </ul>	<p>CIA produces an Annual Audit Opinion Report which gives assurance to the Council on the effectiveness of the system of internal control</p> <p>Role of the Internal Audit Service are defined in the scope of the Audit Charter which is reviewed annually</p> <p>CIA produces an Internal Audit Strategy which is reviewed annually to reflect the organisation's key risks. The strategy and plan are flexible, supportive, challenging, prioritised and timely which ensures the plan maintains focus on emerging risks.</p> <p>Risk based Audit Plan developed in consultation with all Service Directors</p> <p>The annual audit planning process is aligned (as closely as possible) to the Corporate / Service risks. To place reliance on the risk registers the CIA must regularly evaluate and assess the organisation's risk maturity and risk appetite</p> <p>CIA liaises regularly with those discharged with the organisation's external audit responsibilities. CIA ensures that audit work is not driven by priorities of EA. As a minimum 'managed audit' requirement CIA ensures that audits of the key financial systems are performed on an annual basis.</p>	<p>The Internal Audit Strategy is reviewed by the CIA annually and revised as necessary to reflect any prevailing risks to client organisations.</p> <p>All audit findings are evaluated and assessed against the risk to the organisation</p> <p>CIA ensures that all high and medium recommendations are followed up on a regular and timely basis and that the progress in actioning these is reported regularly to the Audit and Standards Committee.</p> <p>CIA ensures that recommendations presented are realistic, pragmatic and risk based with a focus on added value.</p> <p>CIA reports both in detail or in summary on all principal audit findings and control / system weaknesses to the Audit and Standards Committee (or equivalent) without interference or influence from the Council or auditees</p>

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<b>2</b>	<p>The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance and commenting on responses to emerging risks and proposed developments.</p>	<p>Established through the Audit Charter the CIA has clear lines of responsibility to the Strategic Director, Corporate Resources and the Audit and Standards Committee.</p> <p>CIA produces an annual Audit Strategy and Plan which is approved by the Audit and Standards Committee.</p> <p>Protocols that define IA working relationships are also set out in Financial Regulations.</p> <p>Role of HIA in relation to Governance set out in the Governance Assurance Framework.</p>	<p>CIA helps promote good governance through an annual risk based audit programme, quarterly progress reports to the Audit and Standards Committee and an annual audit opinion report.</p> <p>CIA leads an Internal Audit section which contributes to major projects, both on an ongoing or an ad-hoc basis, through a programme of proactive systems development and project work through agreed consultancy arrangements.</p> <p>CIA liaises regularly and where necessary with other external bodies including those with inspection/assurance responsibilities such as CQC, External Auditor, Home Office &amp; HMIC.</p>	<p>CIA undertakes consultation exercises with Senior Management Teams to feed into annual audit plan to ensure it aligns with the strategies, objectives and risks of the Council.</p> <p>CIA regularly identifies and disseminates 'best practice' through audit provision across several clients both in and outside of the public sector.</p>
<b>3</b>	<p>The HIA must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.</p>	<p>Internal Audit Charter outlines terms of reference and management structure.</p> <p>CIA line managed by Service Director Commercial and Improvement, Corporate Resources but with direct line of reporting to Strategic Director, Resources and Digital and Chief Executive.</p>	<p>CIA liaises and consults with key Council stakeholders in, both, revising the annual audit strategy and in the drafting of the annual audit plan for each organisation.</p> <p>CIA provided with an unfettered opportunity to escalate any significant concerns through reports or direct submissions to the Audit and Standards Committee, through senior management teams.</p>	<p>CIA has developed and maintained effective professional working relationships with a range of internal &amp; external stakeholders.</p> <p>CIA attends and reports to each meeting of the Council's Audit and Standards Committee.</p>

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		<p>CIA has clear lines of responsibility and reporting to the Audit and Standards Committee.</p> <p>The CIA has access to the senior management/leadership teams within the Council as required.</p> <p>As established within the Audit Charter the CIA leads an audit function which has unrestricted access to all people, systems and records within the organisation including, where applicable, access rights under significant partnership arrangements.</p>		<p>CIA ensures that all audit plans are flexible in nature and reflect the developing needs and emerging risks facing the Council.</p> <p>CIA networks both internally and externally.</p>
<b>4</b>	<p>The HIA must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively.</p>	<p>All internal auditors are fully or partially qualified (CCAB &amp; AAT) or are currently undergoing professional training.</p> <p>Monthly local performance targets produced which are reported quarterly into Audit and Standards Committee.</p> <p>Client Questionnaire are circulated electronically which are incorporated into the CIA's quality control function.</p> <p>Plan is developed on risk based approach prior to looking at resource implications.</p> <p>The service has undergone external assessment against PSIAS every five years</p>	<p>CIA ensures that the IA service is resourced to be fit for purpose through:</p> <ul style="list-style-type: none"> <li>• Training support to undertake professional qualifications;</li> <li>• On the job/in-house training (e.g. Risk Management);</li> <li>• Regular A&amp;Ds and client surveys which are used to identify training and development needs;</li> <li>• Reviewed job profiles to ensure all staff responsibilities are clearly defined and recognised.</li> <li>• Internal Audit Development Plan.</li> </ul> <p>CIA regularly attends conferences, courses and other networking opportunities (e.g.,NEFF,NEGF, TWHIAG), keeping up</p>	<p>Internal Audit strategies comply with PSIAS.</p> <p>Annual planning involves extensive consultation with all stakeholders, including Committee members and senior managers.</p> <p>Client questionnaires are circulated electronically for feedback in relation to audits performed. These aim to enhance customer focus.</p> <p>Innovative arrangements to manage skills gaps i.e. Newcastle IT audit arrangement.</p> <p>Works in partnership where appropriate with other audit providers e.g. Newcastle Council IT auditor</p>

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		and was most recently assessed as substantially compliant  Outcome of PSIAS external assessment and associated improvement plan is reported to Audit and Standards Committee.	to date with recent audit developments and current best practice in the public sector.	Quality Assurance and Improvement programme in place, including performance targets and monitoring, IA Development Plan, audit file reviews.
<b>5</b>	The HIA must be professionally qualified and suitably experienced.	CIA has 29 years local authority experience and has been CIPFA qualified for 26 years.  The core responsibilities of the CIA role are clearly defined in the job profile, the Internal Audit Charter and the respective Financial Regulations.  CIA has the appropriate experienced and qualified resources (see above) within the audit section to fulfil the audit provision across the current client base.		CIA is CIPFA qualified and takes personal responsibility for continuous professional development (CPD) in accordance with institute requirements.  CIA manages an Internal Audit Section which operates according to PSIAS and has been externally assessed as substantially compliant.  CIA has 24 years' experience in the Council, 13 of which in Internal Audit.  CIA is an affiliate member of the Chartered Institute of Internal Auditors

Signed



Dated 27<sup>th</sup> May 2021

Craig Oakes  
Chief Internal Auditor