

Head of Internal Audit (HIA) Assessment

Principal 1	Y/N/P	Comments
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>To enable the HIA to fulfil their role the leadership team should ensure they:</p> <ul style="list-style-type: none"> set out the responsibilities of the leadership team for internal audit establish an internal accountability and assurance framework including how internal audit works with other providers of assurance set out how the framework of assurance supports the annual governance statement and identify internal audit's role within it. The HIA should not be responsible for the statement set out the responsibilities of the HIA and ensure the independence of the role is preserved. If additional responsibilities are taken on then appropriate safeguards should be put in place ensure internal audit is independent of external audit establish clear lines of reporting of the HIA to the leadership team and to the audit committee ensure the HIA reports in their own right and that the annual internal audit opinion and report are issued in the name of the HIA ensure the internal audit charter and plan are approved by the audit committee in accordance with the PSIAS. 	Y	Internal Audit Charter Audit plan/strategy Audit Committee Terms of Reference (TOR)
	Y	Combined Assurance External Audit Audit plan/strategy
	Y	Combined Assurance Annual Report HIA input into the Annual Governance Statement (AGS) review, Policy Team lead
	Y	Charter, Constitution, plan/strategy HIA only responsible for Audit and Fraud
	Y	Provided in-house
	Y	Reports to the Chief Finance Officer (CFO) and the Corporate Management Team (CMT). Audit Charter sets out reporting and the Audit Committee TOR
	Y	Yes all reports in the name of the HIA
	Y	Yes, Charter approved 2022 and circulated May 2023 to Audit Committee as stated within it.
<p>To fulfil Principle 1 the HIA should:</p> <ul style="list-style-type: none"> ensure that internal audit's work is risk-based and aligned to the organisation's strategic objectives and will support the annual internal audit opinion identify where internal audit assurance will add the most value or do most to facilitate improvement 	Y	Combined Assurance basis for universe which is linked to the Councils Priorities and takes the Strategic Risks into consideration. Risk assessed based on set formulae.
	Y	Combined Assurance Risk assessment / audit planning CMT and Management input Review at 6 months
<ul style="list-style-type: none"> produce an evidence-based annual internal audit opinion on the overall adequacy and effectiveness of the 	Y	Opinion based upon in-year work, combined assurance, AGS assessment and any other

APPENDIX B

organisation's framework of governance, risk management and control.		assurance work undertaken within the Council.
Principal 2		
The UK Public Sector Internal Audit Standards set out Core Principles for the Professional Practice of Internal Auditing which taken as a whole articulate internal audit effectiveness. The following core principles are of particular relevance for Principle 2 of the CIPFA Statement:		
<ul style="list-style-type: none"> Aligns with the strategies, objectives, and risks of the organisation. 	Y	Part of combined assurance/audit planning process. Plan sets out these links.
<ul style="list-style-type: none"> Is insightful, proactive, and future-focused. 	Y	As above, plus 6 month review using up to date intelligence
<ul style="list-style-type: none"> Promotes organisational improvement. 	Y	Part of combined assurance/audit planning/audits
To enable the HIA to fulfil their role, the leadership team should ensure that they:		
<ul style="list-style-type: none"> establish top level commitment to the principles of good governance, recognising its importance for achieving strategic objectives 	Y	Agree AGS, review Internal Audit plan, Combined Assurance, One Council initiative
<ul style="list-style-type: none"> set out the HIA's role in good governance and how this fits with the role of others 	Y	Agree Charter / Plan and strategy Combined Assurance
<ul style="list-style-type: none"> recognise and support the role internal audit can play in providing advice and consultancy internally 	Y	Some consultancy work is commissioned
<ul style="list-style-type: none"> ensure that the HIA has the opportunity to advise on or provide assurance on all major projects, programmes and policy initiatives 	Y	Often as audit work during a project
<ul style="list-style-type: none"> take account of the HIA's advice in new and developing systems. 	Y	
To fulfil Principle 2 the HIA should:		
<ul style="list-style-type: none"> work with others in the organisation to promote and support good governance 	Y	Combined Assurance. Audit work, AGS, Risk management, service manager forum, groups (Info man etc), Policy Team, CFO, City Solicitor etc
<ul style="list-style-type: none"> help the organisation understand the risks to good governance 	Y	Combined Assurance. Audit work, AGS Support on Policy review of (Council) Governance Code
<ul style="list-style-type: none"> give advice to the leadership team and others on the control arrangements and risks relating to proposed policies, programmes and projects 	Y	Combined Assurance, audit work, ad-hoc queries/advice given
<ul style="list-style-type: none"> promote the highest standards of ethics and standards across the organisation based on the principles of integrity, objectivity, competence and confidentiality 	Y	Code of conduct Internal Audit ethical guidance and processes Declaration of interests completed Allocation of audits
<ul style="list-style-type: none"> demonstrate the benefits of good governance for effective public service delivery and how the HIA can help 	Y	Combined Assurance. Audit work, AGS Support on Policy review of (Council) Governance Code

APPENDIX B

<ul style="list-style-type: none"> offer advisory or consulting services where appropriate 	Y	Some consultancy work is commissioned Advice is provided where requested
<ul style="list-style-type: none"> give advice on risk and internal control arrangements for new and developing systems, including major projects, programmes and policy initiatives whilst maintaining safeguards over independence 	Y	Often as audit work during a project Risk management support
Principle 3		
The UK Public Sector Internal Audit Standards set out core principles for the Professional Practice of Internal Auditing which taken as a whole articulate internal audit effectiveness. The following core principles are of particular relevance for Principle 3 of the CIPFA Statement:		
<ul style="list-style-type: none"> Is objective and free from undue influence (independent). Is appropriately positioned and adequately resourced. 	Y	No operational responsibilities Direct line to senior management and line management – CFO.
	P	Resources have reduced previously and now have 2.5 FTE but 1.5 of these are vacant. Currently covering with contractor. Concern over potential loss of income from LCC and the impact thereof. (QAIP Action Plan 1)
To enable the HIA to fulfil their role the leadership team should:		
<ul style="list-style-type: none"> 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 	Y	Internal team.
<ul style="list-style-type: none"> ensure that where the HIA is an employee they report functionally to a member of the leadership team. The HIA should be 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 management 	Y	Reports to the CFO. Part of the Service Managers level within the Council. Whilst reports to the CFO able to carry out duties independently making the key decisions on audits and opinions. Able to go directly to the Chief Executive if required or other Director.
<ul style="list-style-type: none"> engage constructively with the HIA and facilitate their role throughout the organisation 	Y	Attends CMT meeting to present reports. Questions, comments made and responses provided.
<ul style="list-style-type: none"> ensure the audit committee terms of reference includes oversight of internal audit including the monitoring of adherence to professional standards 	Y	They do and recently updated to reflect new guidance.
<ul style="list-style-type: none"> ensure the HIA's reporting relationship with the audit committee and its chair as set out in the internal audit charter is applied 	Y	Direct reporting and in line with CIPFA guidance
<ul style="list-style-type: none"> ensure the organisation's governance arrangements give the HIA: – direct access to the chief executive, other leadership team members, the audit committee and external audit; and – attendance at meetings of the leadership 	Y	Charter/Constitution Attends CMT as appropriate

APPENDIX B

<ul style="list-style-type: none"> team and management team when the HIA considers this to be appropriate set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in arms-length bodies set out the HIA's responsibilities relating to organisational partners including collaborations and outsourced and shared services. 		
	Y	Charter/Constitution
	Y	Audit work on shared services is clear
<p>To fulfil Principle 3 the HIA should:</p> <ul style="list-style-type: none"> ensure the internal audit charter clearly establishes appropriate reporting lines that facilitate engagement with the leadership team and audit committee escalate any concerns about maintaining independence through the line manager, chief executive, audit committee and leadership team or external auditor as appropriate contribute to the review of audit committee effectiveness, advising the chair and relevant managers of any suggested improvements consult stakeholders, including senior managers and non-executive directors/elected representatives on internal audit plans. 		
	Y	
	Y	
	Y	Review against CIPFA best practice Review of effectiveness with report back to Audit Cttee (December 2023)
	Y	CMT review audit plan as does Audit Committee Ask Service Managers if they have anything to add to plan.
Principle 4		
<p>The UK Public Sector Internal Audit Standards set out Core Principles for the Professional Practice of Internal Auditing which taken as whole articulate internal audit effectiveness. The following core principles are of particular relevance for Principle 4 of the CIPFA Statement:-</p>		
<ul style="list-style-type: none"> Demonstrates integrity. Is appropriately positioned and adequately resourced. Demonstrates quality and continuous improvement 	Y	
	P	1.5 vacancies currently in establishment but filled with contractor for 2023/24. Implications of LCC funding to be reviewed against resilience. (QAIP Action Plan 1)
	P	Due to vacancies not as progressed as it could be. There are areas planned for improvement and chasing of PAQs has also not been a priority. (QAIP Action Plan 2)
<p>To enable the HIA to fulfil their role the leadership team should:</p>		
<ul style="list-style-type: none"> provide the HIA with the status, resources, expertise and systems necessary to perform their role effectively ensure the audit committee contributes to a performance framework for the HIA and the internal audit service and takes action as appropriate 	P	As per above, resources are difficult at the moment. Pentana system being removed so looking at alternative way of saving files. (QAIP Action Plan 1 and 3)
	P	Reviews performance each meeting as well as wider effectiveness review. Contribution towards the framework and action could be improved. (QAIP Action Plan 4)

APPENDIX B

<ul style="list-style-type: none"> ensure an external review of internal audit quality is carried out at least once every five years in accordance with PSIAS ensure the audit committee provides support for and participates in the quality assurance and improvement programme as set out in PSIAS. 	Y	Completed 2022
	Y	QAIP periodically reported
To fulfil Principle 4 the HIA should:		
<ul style="list-style-type: none"> lead and direct the internal audit service so that it meets the needs of the organisation and external stakeholders and fulfils professional standards demonstrate how internal audit adds value to the organisation determine the resources, expertise, qualifications and systems for the internal audit service that are required to meet internal audit's objectives inform the leadership team and audit committee as soon as they become aware of insufficient resources to carry out a satisfactory level of internal audit, and the consequence for the level of assurance that may be given ensure the professional and personal training needs for staff are assessed and that these needs are met establish a quality assurance and improvement programme that includes: – ensuring professional internal audit standards are complied with – reviewing the performance of internal audit and ensuring 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 achievements against targets – putting in place adequate 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 – seeking continuous improvement in the internal audit service keep up to date with developments in governance, risk management, control and internal auditing, including networking with other HIAs and learning from them, implementing improvements where appropriate 	Y	Risk based audit plan Periodic review against standards
	Y	Risk based audit plan, consultancy, advice, combined assurance, AGS input
	Y	All as part of planning. Engaged contractors with the expertise required.
	Y	Completed as staff have left and worked out what we can do to minimise this risk.
	P	There was a training plan in place and skills assessment completed. This will be done as new staff are appointed. (QAIP Action Plan 5)
	P	Quality Assurance Improvement Programme requires updating. Difficult due to staffing issues but now contractors set up this will be picked up as far as possible and updated once staff are appointed. (QAIP Action Plan 6)
	Y	Various Performance Indicator's Regular reports to the Audit Committee on progress Supervisor arrangements for audits to ensure good quality work and reports
	Y	Midlands audit group knowledge hub Assurance Lincolnshire – Audit and Fraud Teams CIPFA Public Finance
Principle 5		
The UK Public Sector Internal Audit Standards set out Core Principles for the Professional Practice of Internal Auditing which taken as a whole articulate		

APPENDIX B

<p>internal audit effectiveness. The following core principles are of particular relevance for Principle 5 of the CIPFA Statement:</p> <ul style="list-style-type: none"> • Demonstrates competence and due professional care. • Communicates effectively. 		
	Y	Policies, standards and procedures
	Y	Communication – reports / verbal as required
<p>To enable the HIA to fulfil their role the leadership team should:</p> <ul style="list-style-type: none"> • appoint a professionally qualified HIA whose core responsibilities include those set out in the PSIAS as well as under the other principles in this statement and ensure that these are properly understood throughout the organisation • ensure the HIA has the skills, knowledge and internal audit experience, together with sufficient resources to perform effectively in the role • support continuing professional development of the HIA. 		
	Y	CIPFA
	P	Up to date skills review to be completed. (QAIP Action Plan 5)
	Y	
<p>To fulfil Principle 5 the HIA should:</p> <ul style="list-style-type: none"> • be a full member of an appropriate professional body and have an active programme for personal professional development 	Y	CIPFA, use their Continual Professional Development (CPD) programme and look for other opportunities wherever possible.
	Y	PSIAS – application note

APPENDIX B

This section sets out the personal skills and professional standards of the HIA that are necessary to support the five principles in practice. personal skills and professional standards		
Principle 1		
<ul style="list-style-type: none"> Give clear, professional and objective advice. 	Y	
<ul style="list-style-type: none"> Report on what is found, without fear or favour. 	Y	
<ul style="list-style-type: none"> Demonstrate integrity to staff and others in the organisation. 	Y	
<ul style="list-style-type: none"> Exercise sound judgement in identifying weaknesses in the organisation's control environment and a balanced view on how significant these are. 	Y	Part of audit process and reporting
<ul style="list-style-type: none"> Work well with others with specific responsibilities for internal control, risk management and governance including (as appropriate to the sector) the chief executive, chief legal officer, chief financial officer, audit committee, non-executive directors and elected representatives. 	Y	Works well with all these
<ul style="list-style-type: none"> Work positively and constructively, influencing the leadership team, audit committee and others to ensure the HIA's recommendations are implemented. 	Y	Regular review of recommendations with officers and members
<ul style="list-style-type: none"> Be a role model – dynamic, determined, positive and robust. They should demonstrate resilient leadership and the ability to inspire confidence and exemplify high standards of conduct. 	Y	
Principle 2		
<ul style="list-style-type: none"> Provide leadership by giving practical examples of good governance that will inspire others. 	Y	Through audit work, combined assurance, AGS support, risk support, counter fraud work
<ul style="list-style-type: none"> Deploy effective facilitating and negotiating skills. 	Y	Audit work requires this as does implementing change to audit process.
<ul style="list-style-type: none"> Build and demonstrate commitment to supporting continuous improvement of the organisation. 	Y	Through audit work, combined assurance, AGS support, risk support, counter fraud work
Principle 3		
<ul style="list-style-type: none"> Network effectively to raise the profile and status of internal audit. 	P	Building internal networks by attending Departmental Management Teams and CMT as well as Senior Management Team Forum (SMTF). Currently rebuilding external networks due to being new in post. Changes at LCC have led to a need to build new relationships with the HIA. Meetings now in place. Midlands District Audit Group joined Knowledge Hub and mailing list. Contacted Notts and Derbys Audit Group to join back in. (QAIP Action Plan 7)
<ul style="list-style-type: none"> Adopt a flexible style, being able to collaborate, advise and challenge as appropriate. 	Y	
<ul style="list-style-type: none"> Build productive professional relationships both internally and externally. 	P	As above (QAIP Action Plan 7)

APPENDIX B

<ul style="list-style-type: none"> Work effectively with the leadership team and audit committee, showing political awareness and sensitivity. 	Y	
<ul style="list-style-type: none"> Be seen to be objective and independent but also pragmatic where appropriate. 	Y	Recommendations
Principle 4		
<ul style="list-style-type: none"> Demonstrate leadership and be an ambassador for internal audit. 	Y	
<ul style="list-style-type: none"> Create, communicate and implement a vision for the internal audit service. 	Y	Charter Plan/strategy Working on own vision in collaboration with Assurance Lincs but ensuring meets the needs of the City Council.
<ul style="list-style-type: none"> Create a customer-focused internal audit service. 	Y	Client consultation on planning and delivery of work and a no-surprises approach Promote engagement from Managers in requesting audits and informing of issues.
<ul style="list-style-type: none"> Establish an open culture, built on effective coaching and a constructive approach. 	Y	As above
<ul style="list-style-type: none"> Promote effective communication within internal audit, across the broader organisation and with external stakeholders. 	Y	Combined Assurance Risk support SMTF CMT Assurance Lincs External audit Audit committee Portfolio Holder
<ul style="list-style-type: none"> Manage and coach staff effectively. 	P	Was in place, need to build with new team. (QAIP Action Plan 5 & 8)
<ul style="list-style-type: none"> Comply with professional standards and ethics. 	Y	Self-assessments External Quality Assessment
<ul style="list-style-type: none"> Require the highest standards of ethics and standards within internal audit based on the principles of integrity, objectivity, competence and confidentiality. 	Y	
Principle 5		
<ul style="list-style-type: none"> Demonstrate a range of skills including communicating, managing and influencing, as well as an understanding of IT and consulting services. 	Y	
<ul style="list-style-type: none"> Understand and have experience of strategic objective setting and management. 	Y	
<ul style="list-style-type: none"> Understand the internal audit and regulatory environment applicable to public service organisations. 	Y	
<ul style="list-style-type: none"> Demonstrate a comprehensive understanding of governance, risk management and internal control. 	Y	
<ul style="list-style-type: none"> Undertake appropriate development or obtain relevant experience in order to demonstrate an understanding of the full range of the organisation's activities and processes. 	Y	Combined Assurance helps provide a corporate overview

Date:- October 2023

HIA:- Amanda Stanislawski

Agreed by Chief Finance Officer:-