

How the Five Principles Are Met

Principle 1 – 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.

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
Set out the responsibilities of the leadership team for internal audit	<i>Role of HIA enshrined in the Constitution and reflected in the Audit Manual.</i>	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	<i>Comprehensive audit planning, monitoring and review process in place in compliance with PSIAS.</i>	Give clear, professional and objective advice	<i>Leads by example in approach with Directors and other senior managers that Internal Audit function role is to help achieve organisations objectives, whilst ensuring compliance with best practice and legislative requirements.</i>
Establish an internal accountability and assurance framework including how internal audit works with other providers of assurance	<i>Role of HIA enshrined in the Constitution and reflected in the Audit Manual., Audit section compliant with PSIAS.</i>	Identify where internal audit assurance will add the most value or do most to facilitate improvement	<i>As above.</i>	Report on what is found, without fear or favour	<i>Reporting arrangements agreed with management based on a shared understanding of requirements.</i>
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	<i>Internal Audit independently review process set up to compilation of AGS.</i>	Produce an evidence-based annual internal audit opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.	<i>As above.</i>	Demonstrate integrity to staff and others in the organisation.	<i>Relationships with key officers built up over a number of years as reflected in service level agreement.</i>

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
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	<i>Role of HIA enshrined in the Constitution and reflected in the Audit Manual.</i>			Exercise sound judgement in identifying weaknesses in the organisation's control environment and a balanced view on how significant these are.	<i>Experience gained over 30 year Internal Audit career. HIA CPD tailored to requirements of the role.</i>
Ensure internal audit is independent of external audit	<i>As above</i>			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	<i>As above.</i>
Establish clear lines of reporting of the HIA to the leadership team and to the audit committee	<i>Relationships with key officers built up over a number of years and Role of HIA enshrined in the Constitution and reflected in the Audit Manual.</i>			Work positively and constructively, influencing the leadership team, audit committee and others to ensure the HIA's recommendations are implemented.	<i>As above</i>
Ensure the HIA reports in their own right and that the annual internal audit	<i>Role and independence of HIA enshrined in the Constitution and reflected in the Audit</i>			Be a role model – dynamic, determined, positive and robust. They should demonstrate	<i>Experience gained over 30 year Internal Audit career. HIA CPD tailored to requirements</i>

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
opinion and report are issued in the name of the HIA	<i>Manual.</i>			resilient leadership and the ability to inspire confidence and exemplify high standards of conduct.	<i>of the role.</i>
Ensure the internal audit charter and plan are approved by the audit committee in accordance with the PSIAS	<i>Audit Charter and Audit Strategy agreed by members, PSIAS compliance independently reviewed.</i>				

Principle 2 – The HIA in a local authority plays a critical role in delivering the authority’s strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
Establish top level commitment to the principles of good governance, recognising its importance for achieving strategic objectives	<i>Role and independence of HIA enshrined in the Constitution and reflected in the Audit Manual.</i>	Work with others in the organisation to promote and support good governance	<i>Relationships built up over a number of years backed up by regular meetings, 1-2-1s with key officers.</i>	Provide leadership by giving practical examples of good governance that will inspire others	<i>Relationships built up over a number of years backed up by regular meetings, 1-2-1s with key officers.</i>
Set out the HIA’s role in good governance and how this fits with the role of others	<i>Role of HIA enshrined in the Constitution and reflected in the Audit Manual.</i>	Help the organisation understand the risks to good governance	<i>All aspects of governance arrangements covered in the annual Internal Audit Plan as agreed by management and the Audit and Governance Committee.</i>	Deploy effective facilitating and negotiating skills	<i>Experience gained over 30 year Internal Audit career. Professional guidance followed in relation to promoting good governance.</i>
Recognise and support the role internal audit can	<i>Role of HIA enshrined in the Constitution and reflected in the Audit</i>	Give advice to the leadership team and others on the control	<i>Arrangements ensure internal audit has knowledge of all major</i>	Build and demonstrate commitment to supporting continuous improvement of	<i>As above</i>

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
play in providing advice and consultancy internally	<i>Manual.</i>	arrangements and risks relating to proposed policies, programmes and projects	<i>projects, programmes and policy initiatives.</i>	the organisation.	
Ensure that the HIA has the opportunity to advise on or provide assurance on all major projects, programmes and policy initiatives	<i>Internal Audit plan encompasses partnership arrangements and processes ensure internal audit has knowledge of all major projects, programmes and policy initiatives.</i>	Promote the highest standards of ethics and standards across the organisation based on the principles of integrity, objectivity, competence and confidentiality	<i>Leads by example in approach with senior managers that Internal Audit function role is to help achieve organisations objectives, whilst ensuring compliance with best practice and legislative requirements.</i>		
Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns.	<i>Role of HIA enshrined in the Constitution and reflected in the Audit Manual. Rights of access to key members and officers detailed.</i>	Demonstrate the benefits of good governance for effective public service delivery and how the HIA can help	As above		
Take account of the HIA's advice in new and developing systems	<i>Role of HIA enshrined in the Constitution and reflected in the Audit Manual.</i>	Offer advisory or consulting services where appropriate	<i>Role of HIA enshrined in the Constitution and reflected in the Audit Manual. Any consultancy/advisory role would be in line with these protocols.</i>		
		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.	<i>Internal Audit plan encompasses partnership arrangements and processes ensure internal audit has knowledge of all major projects, programmes and policy initiatives.</i>		

Principle 3 – The HIA in a local authority must be a senior manager with regular and open engagement across the authority, particularly with the Leadership Team and with the Audit Committee.

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
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.	<i>HIA designated individual employed via detailed service level agreement with the Authority.</i>	Ensure the internal audit charter clearly establishes appropriate reporting lines that facilitate engagement with the leadership team and audit committee	<i>Protocols in place that facilitate engagement with the leadership team and audit committee.</i>	Network effectively to raise the profile and status of internal audit.	<i>Relationships built up over a number of years backed up by regular meetings, 1-2-1s with key officers.</i>
Ensure that where the HIA is an employee that they are sufficiently senior and independent within the authority's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.	As above	Escalate any concerns about maintaining independence through the line manager, chief executive, audit committee and leadership team or external auditor as appropriate	<i>Role and independence of HIA enshrined in the Constitution and reflected in the Audit Manual.</i>	Adopt a flexible style, being able to collaborate and advise but also able to challenge as appropriate.	<i>Experience gained over 30 year Internal Audit career. HIA undergoes CPD tailored to requirements of the role.</i>
Engage constructively with the HIA and facilitate	<i>As above. Regular liaison with senior management.</i>	Contribute to the review of audit committee effectiveness, advising	<i>HIA regular attendee of Audit and Governance Committee providing</i>	Build productive professional relationships both internally and	As above

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
their role throughout the organisation		the chair and relevant managers of any suggested improvement	<i>advice and guidance when necessary.</i>	externally	
Ensure the audit committee terms of reference includes oversight of internal audit including the monitoring of adherence to professional standards	<i>Audit and Governance Committee established in line with CIPFA guidelines.</i>	Consult stakeholders, including senior managers and non-executive directors/elected representatives on internal audit plans	<i>Approval and consultation process for the Internal Audit plan ensures that it adds value to the organisation. HIA responsible for facilitating this process via senior managers and the Audit and Governance Committee.</i>	Work effectively with the leadership team and audit committee, showing political awareness and sensitivity	<i>As above</i>
Ensure the HIA's reporting relationship with the audit committee and its chair as set out in the internal audit charter is applied	<i>Role of HIA enshrined in the Constitution and reflected in the Audit Manual.</i>			Be seen to be objective and independent but also pragmatic where appropriate	<i>Leads by example in approach with senior managers that Internal Audit function role is to help achieve organisations objectives, whilst ensuring compliance with best practice and legislative requirements.</i>
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 team and management team	<i>Role of HIA enshrined in the Constitution and reflected in the Audit Manual. Rights of access to key members and officers detailed.</i>			Build productive relationships both internally and externally.	<i>Relationships built up over a number of years backed up by regular meetings, 1-2-1s with key officers.</i>

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
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	<i>CFA Constitution details access arrangements for Internal Audit, reflected in the Audit Manual.</i>			Work effectively with the Leadership Team and Audit Committee with political awareness and sensitivity.	<i>Experience gained over 30 year Internal Audit career. HIA undergoes CPD tailored to requirements of the role. Regular 1-2-1s with senior managers in order to support development in all areas.</i>
Set out the HIA's responsibilities relating to partners including collaborations and outsourced and shared services	<i>Major ventures undertaken detail rights of access to Internal Audit for governance opinion purposes.</i>			Be seen to be objective and independent but also pragmatic where appropriate.	As above

Principle 4 – The HIA in a local authority must lead and direct an internal audit service that is resourced to be fit for purpose.

Governance requirements	CFA Arrangements	Core HIA Responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
Provide the HIA with the status, resources, expertise and systems necessary to perform their role effectively	<i>Role of HIA enshrined in the Constitution, Internal Audit Strategy and Charter details the resource implications and responsibilities for ensuring they are met.</i>	Lead and direct the internal audit service so that it meets the needs of the organisation and external stakeholders and fulfils professional standards	<i>Experience gained over 30 year Internal Audit career. HIA undergoes CPD tailored to requirements of the role. Regular 1-2-1s with Treasurer in order to support development in all areas.</i>	Demonstrate leadership and be an ambassador for internal audit.	<i>Relationships built up over a number of years backed up by regular meetings, 1-2-1s with key officers. HIA undergoes CPD tailored to requirements of the role i.e. CIPFA Certificate in Investigatory Practices.</i>
Ensure the audit	As above	Demonstrate how	<i>Regular reports to the</i>	Create, communicate and	<i>HIA has a clear</i>

Governance requirements	CFA Arrangements	Core HIA Responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
committee contributes to a performance framework for the HIA and the internal audit service and takes action as appropriate		internal audit adds value to the organisation	<i>Audit and Governance Committee.</i>	implement a vision for the internal audit service.	<i>understanding of these issues and is committed to continuous improvements. These issues addressed through performance appraisal.</i>
Ensure an external review of internal audit quality is carried out at least once every five years in accordance with PSIAS	<i>PSIAS compliance monitored vis senior management. Constant review by Treasurer via performance monitoring and appraisal system.</i>	Determine the resources, expertise, qualifications and systems for the internal audit service that are required to meet internal audit's objectives	<i>HIA has a clear understanding of these issues and is committed to continuous improvements.</i>	Create a customer focused internal audit service	<i>HIA has a clear understanding of these issues and is committed to continuous improvements.</i>
Ensure the audit committee provides support for and participates in the quality assurance and improvement programme as set out in PSIAS.	<i>As above</i>	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	<i>Protocols in place to be followed with Treasurer if this situation occurs.</i>	Establish an open culture, built on effective coaching and a constructive approach.	<i>HIA mentors audit staff undertaking regular team meetings to facilitate discussion. Role on various working groups ensures topics are discussed and disseminated.</i>
		Ensuring that the professional and personal training needs for staff are assessed and seeing that these needs are met.	<i>Professional guidance implemented in respect of training needs and development issues are addressed.</i>	Promote effective communication within internal audit, across the broader organisation and with external stakeholders.	<i>HIA has a clear understanding of these issues and is committed to continuous improvements.</i>
		Developing succession plans and helping staff with their career progression.	<i>As above</i>	Manage and coach staff effectively	<i>CIPFA "Excellent Auditor Framework" implemented within section for all training and development needs.</i>

Governance requirements	CFA Arrangements	Core HIA Responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
		Establishing a quality assurance and improvement programme that includes: 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 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; ensuring that any internal auditors declare any interests	<i>CIPFA guidance in relation to continuous improvement followed.</i>	Comply with professional standards and ethics	<i>Professional standards and ethics outlined within Audit Manual and also bound Public Sector Internal Audit Standards.</i>

Governance requirements	CFA Arrangements	Core HIA Responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
		that they have; seeking continuous improvement in the internal audit service.			
		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.	<i>Member of Technical Information Service, CIPFA NE IA Group, North East Corporate Fraud Forum and National Anti Fraud Network in order to ensure up to date with current best practice and ideas.</i>		
				Require the highest standards of ethics and standards within internal audit based on the principles of integrity, objectivity, competence and confidentiality.	<i>As above as well as procedures for the identification and recording of conflicts of interest are detailed in the Audit Manual.</i>

Principle 5 – The HIA in a local authority must be professionally qualified and suitably experienced

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
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	<i>Service Level Agreement Job description and appointment process ensure only appropriately qualified and experienced individuals considered.</i>	Be a full member of an appropriate professional body and have an active programme for personal professional development	<i>HIA has 26 years' post qualification experience and sound understanding of public service governance arrangements and its regulatory environment.</i>	Demonstrate a range of skills including communicating, managing and influencing, as well as an understanding of IT and consultancy.	<i>HIA undergoes CPD tailored to requirements of the role as well as mentoring by Treasurer. HIA qualified with CIPFA in 1997.</i>

Governance requirements	CFA Arrangements	Core HIA responsibilities	CFA Arrangements	Personal skills and professional standards	CFA Arrangements
understood throughout the organisation					
Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in the role	<i>As above, monitoring and mentoring role undertaken by Treasurer in his role as Section 151 officer ensures compliance.</i>	Adhere to professional internal audit and ethical standards (and where appropriate accounting and auditing standards)	<i>As above</i>	Understand and have experience of strategic objective setting and management.	<i>HIA undergoes CPD tailored to requirements of the role as well as mentoring by Treasurer.</i>
Support continuing professional development of the HIA.	<i>HIA undergoes CPD tailored to requirements of the role as well as mentoring by Treasurer.</i>			Understand the internal audit and regulatory environment applicable to public service organisations.	<i>HIA has 26 years' post qualification experience and sound understanding of public service governance arrangements and its regulatory environment.</i>
				Demonstrate a comprehensive understanding of governance, risk management and internal control.	<i>HIA has held a variety of position within Local Government, before appointment as HIA in 2008, including Group Auditor at HBC and Head of Audit at a district council.</i>
				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.	<i>HIA member of CIPFA for 26 years and is bound by all relevant professional and personal requirements as well as all internal training requirements.</i>