

**CIPFA'S STATEMENT ON THE ROLE OF HIA, SELF ASSESSMENT CHECKLIST GOVERNANCE REQUIREMENTS APPENDIX 4**

GOVERNANCE REQUIRMENT	YES	PART	NO	COMMENTS
<b>PRINCIPLE 1: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments.</b>				
Does the Head of Internal Audit's (HIA's) role set out good governance and is how this fits with the role of others clearly set out.	√			Clear links with SI51 and Monitoring officer, annual audit opinion, Annual Governance Statement (AGS) and Audit Committee in Internal Audit Charter. Terms of Reference (TOR) within finance procedure rules within Constitution.
Is the importance of good governance stressed to all in the organisation, through policies, procedures and training.		√		Local Code of Corporate Governance and implied through policies, procedures but no specific training on importance of good governance except through presentations given to SMT's in 2010 as part of the audit planning consultation process.  Governance training needs currently being considered
Is the HIA consulted on all proposed major projects, programmes and policy initiatives.		√		Ad hoc consultation and requests for advice and support.
<b>PRINCIPLE 2: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.</b>				
Are the responsibilities of the HIA, which should not include the management of operational areas, clearly set out.	√			Internal Audit Charter. Financial procedures rules. Local Code of Corporate Governance.
Is internal audit independent of external audit.	√			
Where the HIA does have operational responsibilities, does the HIA's line manager and the Audit Committee specifically approve the IA strategy for these and associated plans and reports and ensure the work is independently managed.		√		HIA has responsibility of risk management and corporate governance support. Risk management arrangements are subject to periodic independent review eg Zurich review rather than review by internal audit to avoid potential conflict of interest. No specific approval of this approach but will be reported through annual audit plans/report.

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Are there clear lines of responsibility for those with an interest in governance (eg Chief Executive, Chief Legal Officer, Chief Financial Officer, Audit Committee, non-executive directors/elected representatives). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies.	√			Local Code of Corporate Governance and supporting evidence e.g. Constitution.
Are clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns.	√			Specified in internal audit charter and financial procedure rules
Are the terms of reference for internal audit agreed with the HIA and the Audit Committee as well as with the Leadership Team.	√			Internal Audit Charter
Is the basis on which the HIA can give assurances to other organisations and the basis on which the HIA can place reliance on assurances from others clearly set out.			√	No such assurance sharing arrangements currently in place. Any requirements dealt with an ad hoc basis.
Are there comprehensive governance arrangements in place, with supporting documents covering eg risk management, corporate planning, anti fraud and corruption and whistleblowing.	√			AGS supporting evidence
Is the annual internal audit opinion and report issued in the name of the HIA.	√			Annual Audit Report
Is awareness of governance included in the competencies required by members of the Leadership Team.			√	Consideration currently being given to governance training issues
Is the framework of assurance that supports the annual governance report and identify internal audit's role within it clearly set out. The HIA should not be responsible for preparing the report.		√		Partly covered by local code of corporate governance and AGS itself. Assurance mapping framework in development.
Is the internal audit strategy approved by the Audit Committee and endorsed by the Leadership Team.	√			Internal Audit Charter
<b>PRINCIPLE 3: The HIA 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.</b>				
Has a named individual been designated as HIA in line with the principles in this Statement (see page 15 CIPFA The Role of the Head of Internal Audit). 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.	√			Manager of Internal Audit & Risk. External audit have expressed concern over this title – is not clear HIA. Amendment to be formally made to Job title and JD updated.

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Where the HIA is an employee, are they 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.	√			Reporting line direct to Corporate Director recently implemented which will improve independence and credibility
Where the HIA is an employee, is the HIA 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.	√			
Has an Audit Committee been established in line with guidance and good practice.	√			
Is the HIA's relationship with the Audit Committee and its Chair clearly set out, including the Committee's role (if any) in appointing the HIA.		√		Partially covered in Internal Audit Charter and TOR;s for audit committee. Audit Committee have no agreed role in appointment of HIA.
<p>Do the organisation's governance arrangements allow the HIA:</p> <ul style="list-style-type: none"> <li>- to bring influence to bear on material decisions reflecting governance:</li> <li>- direct access to the Chief Executive, other Leadership Team, the Audit Committee and external audit: and</li> <li>- to attend meetings of the Leadership Team and Management team where the HIA considers this to be appropriate.</li> </ul>	√		√	Corporate Director of Resources presents report of the HIA to CMT
Are unfettered rights of access set out for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.	√			Internal Audit Charter, Financial Procedures Rule and Partnership Governance Framework
Are the HIA's responsibilities relating to partners set out including joint ventures and outsourced and shared services.	√			Internal Audit Charter
<b>PRINCIPLE 4: The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.</b>				
Is the HIA provided with the resources, expertise and systems necessary to perform their role effectively.		√		On going training development needs assessed through PDP's.
Do the Audit Committee set out a performance framework for the HIA and their team and assesses performance and takes action as appropriate.	√			Performance Indicators endorsed by Corporate Management Team (CMT) and approved by Audit Committee.

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Is there a regular external review of internal audit quality.		√		Annual review of effectiveness by external clients and brief consideration by external audit. Peer review to be considered to replace external audits tri-annual review. .
Where the HIA is from another organisation is it ensured that they do not also provide the external audit service.	√			
<b>PRINCIPLE 5: The HIA in a public service organisation must be professionally qualified and suitably experienced.</b>				
Has a professionally qualified HIA been appointed whose core responsibilities include those set out under the other principles in this Statement (see page 21 of CIPFA The Role of the Head of Internal Audit) and ensure that these are properly understood throughout the organisation.	√			Job description will be updated to reflect principles.
Does the HIA have the skills, knowledge, experience and resources to perform effectively in his or her role.	√			