

Joint report of the Deputy Chief Executive and the Chief Audit and Control Officer

CIPFA STATEMENT ON THE ROLE OF THE HEAD OF INTERNAL AUDIT1. Purpose of report

To inform the Committee of the updated CIPFA Statement on the Role of the Head of Internal Audit in public service organisations.

2. Background

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued an updated Statement on the Role of the Head of Internal Audit.

The aim of the statement is to define the role of the Head of Internal Audit and to help ensure organisations engage with and support the role effectively. The statement sets out five key principles, aligned with the UK Public Sector Internal Audit Standards, that define the core activities and behaviours that should characterise the role. It also identifies the organisational arrangements needed to support the role. The principles are provided in the appendix.

CIPFA considers Internal Audit to be vital in ensuring the prudent use of public monies to deliver efficient and effective public services. The Head of Internal Audit's annual opinion provides assurance to the leadership team and the Audit Committee and is essential for the annual governance statement. Strong and reliable internal audits are a crucial part of ensuring good governance, effective risk management and appropriate internal controls are in place. As such, the statement is of importance not only to the Head of Internal Audit, but also to those who rely on their assurances, including senior leadership and this Committee.

The Head of Internal Audit role at this Council is delivered by the Chief Audit and Control Officer. The annual review of effectiveness of the system of internal audit will be considered by this Committee in due course. This will include a self-assessment of the Council's arrangements against each of the key principles in the statement. It is anticipated that effective arrangements are already operating, but some opportunities for further improvement may be highlighted by this review. These will be reported to the Committee in due course

Recommendation

The Committee is asked to NOTE the report.

Background papers

Nil

APPENDIX

CIPFA STATEMENT ON THE ROLE OF THE HEAD OF INTERNAL AUDIT

Principle 1

The Head of Internal Audit (HIA) plays a critical role in delivering the Council's strategic objectives by **objectively assessing the adequacy and effectiveness of governance and management of risk, giving an evidenced based opinion on all aspects of governance, risk management and internal control.**

The annual opinion of the HIA on the effectiveness of the Council's governance framework is an important output. It is one of the main sources of objective assurance that leadership teams have for the annual governance statement. Because of this, the HIA must be independent of management and seen to provide an objective view. The Council can support this by ensuring that functional independence is maintained.

Principle 2

The HIA plays a critical role in delivering the Council's strategic objectives by **championing best practice in governance and commenting on responses to emerging risks and proposed developments.**

Good governance is central to achieving strategic aims and demonstrating that public money is used well. The HIA can champion principles of good governance across the Council through their assurance and advisory work – encouraging good practice. To do this they must be asked to consider the impact of proposed policy initiatives and projects as well as responses to emerging risks.

Principle 3

To perform this role, the HIA must **be a senior manager with regular and open engagement across the Council, particularly with the leadership team and with the audit committee.** They must be seen as a credible leader at the heart of the organisation. This requires them to be appointed at senior management level, and to have unfettered access to key people through the Council.

Principle 4

The HIA must **lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively.** The internal audit resources available must be proportionate to the size, complexity and risk profile of the Council. Whilst the resources required should be identified by the HIA, the responsibility for ensuring that resource is in place rest with the Council.

Principle 5

The HIA must be **professionally qualified and suitably experienced.** This ensures that their opinion has credibility and professional status, whilst their

leadership must set the tone that good governance, risk management and internal control matters to everyone at the Council.