NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

INTERNAL AUDIT - ANNUAL REPORT 2014/15

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1. **OBJECT AND KEY POINTS IN THIS REPORT**

    1.1   This report provides an opinion on the adequacy and effectiveness of the council's internal control environment based upon work carried out by Internal Audit in accordance with the approved 2014/15 audit plan. It also considers the effectiveness of the audit service. This provides the Audit Committee with an important source of assurance when considering the Annual Governance Statement.

    1.2   The Internal Audit Annual report complies with the Public Sector Internal Audit Standards (PSIAS) and The Accounts and Audit Regulations 2015.

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2. **BACKGROUND INFORMATION**

    2.1   The requirement for Internal Audit is supported by statute in the Accounts and Audit Regulations 2015 and the Local Government Act 1972. The Accounts and Audit Regulations state that a "relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards of guidance". Each year the section provides an independent appraisal of internal control as a contribution to the proper economic, efficient and effective use of resources.

    2.2   All audit work is risk assessed to ensure it is properly prioritised to target areas of highest risk. The annual audit plan is approved by the Audit Committee in April. The audit plan is flexible to respond to changing circumstances and emerging risks and work is re prioritised accordingly. Revisions, updates on progress on achieving the 2014/15 plan and key issues arising from the wo4rk were considered by the Audit Committee

at the September, January and April meetings. The 2014/15 audit plan contained 123 planned audit assignments of which 105 were substantially completed and 6 were in progress at year end (all other audits were deferred or cancelled). In addition 23 unplanned audit assignments were completed. These are listed in appendix A. The level of audit coverage during the year is considered sufficient to be able to offer an opinion on the overall adequacy and effectiveness of the organisation's control environment. Notwithstanding that some of the planned audits for the year have yet to be finalised, the fieldwork for these audits has not raised any findings that would cause the overall opinion to change

2.3   An opinion on the level of adequacy of internal control is given on each audit to assist managers in assessing the level of reliance that can be reasonably placed on controls within systems and the coverage that they give against risk. The opinion given reflects the audit view of the appropriateness and effectiveness of controls in place and the associated compliance with those controls based on the audit work undertaken. The opinion was rated as follows during 2014/15:

Significant Assurance	The system of internal control is designed to support the council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Satisfactory Assurance	There is generally a sound system of control designed to support the council's corporate and service objectives. However some improvements to the design or application of controls are required.
Limited Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the council's corporate and service objectives at risk in the areas reviewed.
No Assurance	There is weakness in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

2.4   Recommendations for improvements were identified and agreed with relevant service managers to implement. In 90% of audits issued (where an assurance level was applicable) significant or satisfactory assurance could be provided that the system of internal control was effective. Three of the 11 reviews assessed as providing only limited assurance related to aspects of 3 key systems:
• Integrated Impact Assessments
• Adult Care Income Procedures

- Commissioning - Housing Related Support:

It is important to note that limited assurance means that some controls were confirmed as working well; however, there are some gaps or weaknesses in controls that require improvement. Further details have been reported to previous meetings of this Committee and in each case action has been taken to improve controls.

Reports issued

18   0   11

14

87

- no assurance
- limited assurance
- satisfactory assurance
- significant assurance
- not applicable
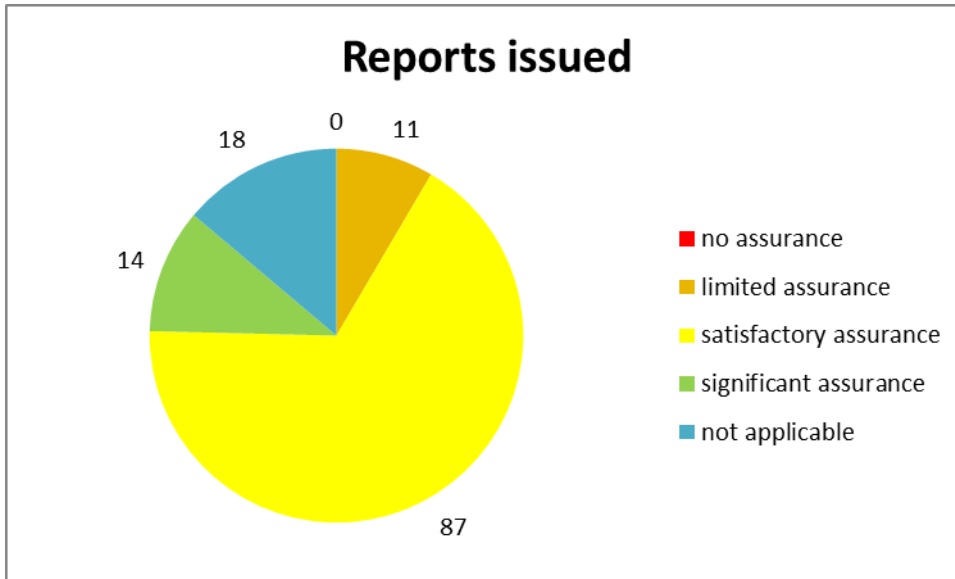
In all cases follow up work is scheduled to ensure internal control has improved

2.5   Based on our knowledge of the council's systems and procedures, the extent of work undertaken by Internal Audit, and as a result of the responses to audit recommendations, the overall assessment is that Internal Audit can provide assurance that systems were adequate and internal control generally effective during 2014/15. It must be acknowledged that internal control systems are designed to manage rather than eliminate the risk of failure therefore this statement can only provide reasonable and not absolute assurance of the effectiveness of the system of control.

In reaching our opinion the following factors were taken into particular consideration:-

Risk Management

2.6 We can give satisfactory assurance that the system for managing risk within the council is sound. The risk management framework has developed over several years, for example: the risk management strategy is regularly reviewed, risk registers are maintained and reviewed; training is in place for relevant staff and members; key business risks are being monitored and managed and reported to the Audit Committee. Work is on-going to implement monitoring arrangements for newly created KPIs and ensure new managers have completed training. The strategic risks were reviewed during the year and approved by this Committee in January.

Corporate Governance

2.7 Corporate governance review arrangements were assessed as providing adequate assurance. The council has procedures and policies in place to demonstrate good corporate governance. The audit concluded that no aspects of the 57 requirements to achieve the core principles of the best practice framework are entirely unmet.

The council's Annual Governance Statement (AGS) is reported elsewhere on this agenda. The AGS supports the findings of the audit review that governance arrangements are generally good. A number of opportunities for improvement have been identified.

Fundamental Systems

2.8 The effectiveness of controls within the fundamental financial systems is assessed to provide assurance that the council's Statement of Accounts are based on accurate information and to provide assurance to the s151 Officer. External audit look to place reliance on our work wherever possible to minimise duplication of effort and maximise the overall audit resources available. In order to achieve this, the level of testing carried out complies with the Internal Audit/ External Audit protocol.
The fundamiental financial systems reviews identified the following levels of assurance:

Fundamental System	Assurance level 2014/15	Assurance level 2013/14	Assurance Level 2012/13
Payroll	Significant	Satisfactory	Satisfactory
Creditors	Satisfactory	Satisfactory	Significant
Sundry Debtors	Significant	Satisfactory	Satisfactory
Local Taxation	Satifactory	Significant	Significant

(Council Tax and NNDR)			
LCTS and Housing Benefits	Significant	Significant	Satisfactory
Accounting system (e Financials)	Significant	Significant	Significant
Cash Receipting	Significant	Satisfactory	Satisfactory
Treasury Management	Significant	Significant	Significant
CareFirst (social service client database)	Satisfactory	Satisfactory	Limited
Asset Management	Satisfactory	Satisfactory	Assurance provided by external audit work

School Audits

2.9 17 school audits were completed during 2014/15 (15 planned and 2 requested by the Head Teacher). This is slightly more than the previous year when 13 audits were completed As with other audits, there will be greater intervals between the reviews as a result of reducing resources. Schools The audits for all 17 schools showed that overall satisfactory assurance could be given on internal control arrangements although recommendations for improvements were identified at each school. The majority of recommendations relate to compliance with council procedures in relation to procurement and financial administration; the most common recommendation is the failure to raise orders promptly to support expenditure where necessary. Information is passed to key service officers to incorporate in newsletters and raise awareness through the schools forum of representative governors and head teachers.

Counter fraud work

2.10 Internal audit provides the focus for the council's Counter Fraud Strategy. It promotes awareness across the council through individual assignments, control risk assessment questionnaires and fraud warning bulletins via the internal communication network. Each year proactive and reactive counter fraud work is identified within the audit plan and during 2014/15 the council's arrangements were reviewed and strengthened. Some of the work, previously reported to the Committee, includes:

- An update of the council fraud risk exposure profile for new and emerging risks

- An update of the Counter Fraud Strategy (minor updates were made to reflect the demise for the NFA and the new role for the NCA in accepting money laundering referrals).
- Regular updates were provided on the separate counter fraud plan identified as part of the 2014/15 Internal Audit Plan to provide members with clear assurance on the adequacy of counter fraud arrangements. This included reviews of the council's anti money laundering and anti bribery arrangements (both assessed as satisfactory)
- Regular publicity on new and emerging risks of fraud through the counter fraud newsletter (Fraud Focus), posters and council wide communications.
- In January Members received a report on the Audit Commission's annual fraud survey report – Protecting the Public Purse. This included recommendations for councils to improve arrangements and a checklist of best practice for 'those charged with governance' to consider. The Committee received good assurance on the adequacy of counter fraud arrangements as all recommendations had been implemented and counter fraud arrangements fully comply with best practice guidance.

2.11 Internal audit operates the council's dedicated telephone hotline, email address and web facility for whistle blowers. The details were re-advertised with the revised strategy and appear in each Fraud Focus. The number of referrals received during 2014/15 was 359, which is a similar level for 2013/14 (363). This shows a good use of the facility. All referrals are either investigated by Internal Audit or information is passed on to the Benefits Fraud Team for investigation. Over £62k Council Tax or Housing Benefits overpayments were referred through the whistleblowers' hotline.

2.12 There was a slight reduction in the number of new investigations during 2014/15 (30 cases; 17 led by audit) compared to 2013/14 (35 cases). In addition internal audit completed 8 investigations reported in the previous year. In all cases Internal Audit worked with service managers and Human Resources colleagues to ensure appropriate action was taken and improvements to control issues were recommended. The investigations resulted in recommended improvements to cash handling; mileage claims, timesheet, overtime and flexi time checking and authorisation; use of equipment/stock/assets and data access. These figures also included 6 new internal audit investigations of potential internet/email abuse. As a result of the investigations completed in 2014/15, 5 staff resigned and 2 disciplinary warning was issued, and there were 7 instances of management counselling.

2.13 All recommendations are followed up to ensure there is an appropriate management response to audit reports. Generally appropriate action is taken however, if necessary, slow or inadequate action in response to audit recommendations is reported to relevant Directors through Internal

Audit's quarterly reports. If necessary, cases of non-response would also be reported to the Audit Committee. There no examples of poor response to audit recommendations to report to the Committee.

Savings

2.14 In some cases audit reviews highlight savings that can be made by the council. During 2014/15 £103k savings were identified as the result of audit review work.The leisure income review highlighted over £83k under payment of fees collected by the contractor and other investigations identified £20k in duplicate payments/overpayments or underpayments (recovery is underway).

In addition, the Whistleblowers'/ fraud hotline calls provided savings of £62k relating to benefit/council tax and NFI (data matching) investigations identified £158.5k made up of:
- 2012/14 exercise   £98k
- Council Tax /electoral roll   £29k
- Pilot exercise*   £16k
- 2014-16 exercise   £15.5k

(*student loans/ benefits & personal budgets/benefits)

Performance

2.15 The assessment of the effectiveness of Internal Audit is based on the following:
- Compliance with Best Practice as defined by The Chartered Institute of Public Finance and Accountancy's (CIPFA) PSIAS and Local Government Application Note and Statement on the Role of the Head of Internal Audit
- Customer feedback and endorsement
- Achievement of performance targets.

2.16 An assessment of the requirements set out in CIPFA's PSIAS and Local Government Application Note showed internal audit to be broadly compliant with the Standards.(see appendix B). Areas of partial compliance and requirements that needed further consideration will be addressed at development sessions with Humber region colleagues (ERYC, HCC, NELC).

2.17 In January 2011 CIPFA issued the Statement on the Role of the Head of Internal Audit. The Statement is not mandatory but sets out what CIPFA considers best practice for Heads of Internal Audit. It sets out principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit in public service organisations. CIPFA recommends that organisations should use the Statement as the

framework to assess their existing arrangements. Appendix B shows the assessment presented to Audit Committee in June 2014 which shows a significant level of compliance, no areas for improvement were identified, this remains the same.

2.18 It is important to receive feedback on our work. Questionnaires are issued with each system review and establishment audit. Service managers are asked to comment on their satisfaction and value added from the audit work. All comments are appreciated and are used to improve our service delivery. Of the questionnaires returned 100% considered the conduct, manner and attitude of the staff good or excellent, exceeding the target of 98%.

2.19 The Internal Audit section has a quality assurance and improvement programme (QAIP) as required by PSIAS. There are predetermined performance measures and development issues set to monitor performance, set targets for improvements and provide comparison both internally and externally. The section also participates in national and local benchmarking exercises. Overall performance was good during 2014/15 and targets were generally met. Details are provided below:
 • 100% of the audit plan was achieved (target 80%). This is an increase on the last year (99%).
 • Follow up work confirmed acceptable progress on implementation of agreed audit recommendations (67%, which is consistent with last year 68%). (Although high risk areas receive closer attention).
 • 85% of audits were completed within agreed allocations (80% last year).
 • 100% of audits were reviewed by the supervisor within the timescale target of 70%. This is comparable to last year results (99%).
 • 82% of audits were completed within agreed timescales. This is a slight decrease on the previous year (86%) where absences and unforeseen pieces of work adversely affected performance.

2.20 Annual CIPFA benchmarking results were used to determine audit's VFM profile for 2014/15. Key cost comparisons used were:
 • Net cost per chargeable day: 8th lowest out of 47 authorities
 • Cost per auditor: 4th lowest out of 47 authorities
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The cost comparisons were assessed against key performance outcomes and the service was evaluated as providing value for money (low cost/ high performance).

2.21 In addition to this internal review, external audit will seek to place reliance on internal audit's work in respect of the key financial systems identified as part of their risk assessment. External Audit will be able to

place reliance on the work of Internal Audit if auditing standards are met. Feedback will be provided to the Head of Audit, Risk and Insurance at the end of external audit's planned work.

2.22 Based on the findings described in the above paragraphs Internal Audit is assessed as providing an effective service to the council.

Shared Service Development

2.23 In July Cabinet endorsed further development work associated with the potential establishment of shared back office services with North East Lincolnshire Council. The development of a joint internal audit team is being considered to achieve service outcomes such as resilience, efficiency and high service standards. The target date for implementation is 1st April 2016.

3. OPTIONS FOR CONSIDERATION

3.1 The Committee is asked to consider whether Internal Audit's Annual Report provides sufficient assurance on the adequacy of the council's internal control environment in 2014/15. Members may wish to ask questions and seek clarification as necessary. If it concludes that it does provide sufficient assurance the Committee is invited to approve the Internal Audit Annual Report for 2014/15.

3.2 The Committee may decide not to approve Internal Audit's Annual Report for 2014/15.

4. ANALYSIS OF OPTIONS

4.1 The Internal Audit Annual Report 2014/15 complies with professional guidance available and is designed to provide this Committee with the assurance required.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Internal audit recommendations enhance internal control over the use of the council's resources.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An Integrated Impact Assessment is not required.

7.   OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1   Consultation takes place at all stages of audit work. It affects the scope of audit work undertaken, the risk assessment of audit work, audit practices and products.

7.2   There are no conflicts of interests to declare.

8.   RECOMMENDATIONS

8.1   That the Audit Committee considers the assurance provided by the Internal Audit Annual Report for 2014/15 on the adequacy and effectiveness of the council's internal control environment.

8.2   That the Audit Committee approves the Internal Audit Annual Report for 2014/15.

DIRECTOR OF   POLICY AND RESOURCES

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Date:08 June 2015

Background Papers used in the preparation of this report: None

Audit Areas	Audit Reviews Completed During 2014/15		
	Planned	**Unplanned**	**Deferred**
Fundamental Financial Systems	• All fundamental audits completed • Payroll • Creditors • Debtors • Income Receipting • Main Accounting Ledger • Housing Benefits and Local Taxation audits being completed jointly with NELC (NLC leading on Local Taxation NELC leading on Benefits both in progress) • Treasury Management • Asset Management • CareFirst • Benefits Subsidy testing (completed)		
Annual Governance Statement	• In year monitoring and compilation of the Statement		
Corporate management	• Preparing reports and Audit Committee attendance		
Corporate Governance	• In year monitoring and advice. Evaluation of council arrangements against best practice standards (2014/15 in progress). Revision of the council's Code of Corporate Governance		
Risk Management	• In year monitoring and advice. Risk Management Group work. Annual review of risk management arrangements, strategic and key operational controls (2013/14 & 2014/15 completed).		

Audit Areas	Audit Reviews Completed During 2014/15		
	Planned	**Unplanned**	**Deferred**
IT Audit	• IT Charging Policy 2013/14 (completed) • Change Control (in progress) • Network Management and Control (in progress) • Disaster Recovery and Business Continuity follow up (completed) • Physical and Environmental Controls (completed) • PC and Laptop Security (completed) • Public Services Network (ad hoc)	Security of mobile devices follow up (completed) IT Project management follow up (completed)	• Operating Systems (insufficient resources)
Contract Audit	• Commissioning – Public Health (completed) • Commissioning – Dynamic Purchasing System (completed) • Commissioning – CCTV system (completed)		• Compliance with Procurement Framework (at client request due to pressure on resources)
Fraud Prevention and Detection	• Responding to cases received via Whistleblowers Hotline and email (on going) • Publicity/ training/ updating the counter fraud strategy (ongoing) • Income audits – Leisure Health and Fitness Membership (completed), Golf Clubs (completed), Markets (completed), Bereavement Services (completed) • Data Matching - NFI/IDEA (2012/14 completed, 2014/16 in progress)	Procurement fraud review of expenditure 2013/14 (completed) Risk assessment reviews of bribery and money laundering risks (completed)	

Audit Areas	Audit Reviews Completed During 2014/15		
	Planned	**Unplanned**	**Deferred**
Council-wide Systems	• Budgetary Control Capital 2013/14 (completed) • Self Service Portal 2013/14 (completed) • Payment Card Industry – Data Security Standard 2013/14 (completed) • Income and Corporate Charging Policy 2013/14 (completed) • Public Health Responsibilities – National Child Measurement Programme 2013/14 (completed), Outcomes Fund (draft report), Grant Compliance (completed) • Performance Management (completed) • Data Quality (in progress) • Partnerships (completed) • Grant claims (completed) • Information Governance – Records Management (completed) • Integrated Impact Assessments (completed)		
People – Adult Services	• Assessment of Care 2013/14 (completed) • External Residential Care 2013/14 (completed) • Effectiveness of Rehabilitation and Re-enablement (CST and Lilacs) (completed) • Preloaded Cards -personal budgets (draft report) • Adult Income Issues (completed for 2014/15)	Adult Budget issues 2013/14 (completed) Deferred Payments onto Carefirst (completed) Learning Disability (draft report) Commissioning Housing Related Support – Follow up (draft report)	• Receiverships • Homecare Commissioning – Community Support 4 You
People – Specialist	• Allegation Management Policy 2013/14 (complete) • Children in Care – Adoption Consortium & Fostering Allowances (completed) • Staff led Social Enterprise Accommodation Support (draft report)	• Fostering Reform Grant (completed) • Section 17 follow up (completed) • Fostering payments follow up (completed)	
People – School Improvement	• Issues from School Audits (2013/14 completed) • Schools audits (2014/15 planned all completed) • Music Support Services (in progress) • Issues from school audits (completed)	• St Barnabas at the request of the Head (completed) • East Halton at the request of the Head (draft report)	• High Needs Education • Specialist Learning

Audit Areas	Audit Reviews Completed During 2014/15		
	Planned	**Unplanned**	**Deferred**
People – Commissioning and Localities	• Budgetary Control 2013/14 (completed) • Maintenance of School Buildings 2013/14 (completed) • Integrated Youth Support (Grants) 2013/14 (completed) • Personal Budget Calculation (in progress) • Service to Schools (completed)	• Commissioning Housing Related Support (previously known as Supporting People) 2013/14 (completed) • Capita 1 & SIMS follow up (completed)	• Early Years
Policy & Resources - Finance	• Welfare Reforms 2013/14 (completed) • CT discounts/ NNDR reliefs and appeals - budget implications 2013/14 (completed) • Pensions Assurance (completed) • Finance Manual (in progress) • Taxation (complete) • Debit cards / Imprest Accounts (completed) • Insurance (completed) • Timesheets (draft report)	• Exemptions from e-procurement orders 2013/14 (completed) • New Payroll System (in progress) • Replacement BACS system (in progress) • Click Travel (completed) • P&R imprests (completed)	
Policy & Resources - Human Resources	• Working Time Directive & Flexible Working (completed) • Re-deployment Policy (completed) • Driver Document Checks (completed)		• Sickness Policy • Compensation for Termination of Employment
Policy & Resources - Legal Services	• VCS Funding 2013/14 (completed) • Democratic Services – Standards Arrangements (completed) • Legal Services – Compliance with Public Law Outline (completed) • Community Engagement and Consultation (in progress)		
Policy and Resources – Business Support			• Commercialism
Places - General	• Budgetary Control (completed)		
Places – Customer Services	• Contract Management – Leisure (completed) • Duty of Care (draft report) • Customer Services – Local Links (completed)	• TLMS follow up (completed)	• Transfer of facilities to Community Management (delays in transfers)

Audit Areas	Audit Reviews Completed During 2014/15		
	Planned	**Unplanned**	**Deferred**
Places – Technical & Environment	• Countryside Stewardship 2013/14 (completed) • Homelessness 2013/14 (completed) • Disabled Facilities Grants (in progress) • Licensing – Alcohol & Entertainments (completed) • Handyman Service (completed) • Safer Neighbourhoods Partnership (completed)		
Places – Planning and Regeneration	• BDUK Project (completed) • Regional Growth Fund (completed) • Vacant Land & Property (completed) • Leader Programme (completed) • Humber University Technical College (watching brief) • Development Control (completed)		• South Humber Bank
Places- Community Services	• Highways Alliance – Closure (in progress) • Grant Certification – Bus Operators Grant (completed), Local Transport Capital Block / Additional Highways Funding (completed) • Universal Infant Free School Meals (completed)	• Traffic Income Procedures (completed) • CIC/CIN Transport follow up (completed)	

In addition to the above resources were deployed on : • Advice /irregularity work • Follow up work • Audit plan performance monitoring and reporting	

Conformance with the PSIAS and the Local Government Application Note

Standards/Requirements	Evaluation/Comments
Code of Ethics	Requirement met and communicated in the audit charter
Attribute Standards	
1.Purpose, Authority and Responsibility	Requirement met and defined in the audit charter
2.Independence and Objectivity	Covers - Organisational Independence; Direct Interaction with the Audit Committee; Individual Objectivity; Impairment to Independence or Objectivity Impairment to Independence or Objectivity Requirements broadly met and defined in the audit charter
3.Proficiency and Due Professional Care	Requirements met and defined in the audit charter
4.Quality Assurance and Improvement Programme	*Covers* - Quality Assurance and Improvement Programme; Internal and External Assessments; Conforming with Professional Standards Requirements broadly met and defined in the audit charter however external assessments to be explored and PSIAS monitoring to be introduced.
Performance Standards	
1.Managing the Internal Audit Activity	Covers- Planning; Resource Management; Policies and Procedures; Reporting to Senior Management and the Audit Committee Requirements met and defined in the audit charter

2. Nature of Work	Covers- Governance Risk Management Internal Control Requirements met
2. Engagement Planning	Covers- Objectives; Scope; Resource Allocation; Work Programme Requirements broadly met defined in the audit charter however some aspects are not currently applicable (consultancy arrangements)
3. Performing the audit engagement	Covers- Identifying Information; Analysis and Evaluation; Documenting Information; Engagement Supervision Requirements met and defined in the audit charter however retention requirements need to be consistent with the council's policy (under development).
4. Communicating Results	Covers- Quality of Communications; Errors and Omissions; Conformance with Professional Standards; Disclosure of Nonconformance; Disseminating Results; Audit Opinion Requirements met and defined in the audit charter however PSIAS monitoring needs to be introduced.
5. Monitoring Progress	Requirements met
6. Communicating the Acceptance of Risks	Requirements met

Head of Internal Audit Statement Principles	Core HIA responsibilities	Non-Compliance / Areas for Improvement
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.	Helping to promote the benefits of good governance throughout the organisation. Working with others in the organisation who have a responsibility for promoting good governance. Giving advice to the Leadership Team and others on the control arrangements and risks relating to proposed policies, programmes and projects. Promoting the highest standards of ethics and standards across the organisation based on the principles of integrity, objectivity, competence and confidentiality. Demonstrating the benefits of good governance for effective public service delivery and how the HIA can help. Offering consultancy advice where the HIA considers that it is appropriate, drawing up clear terms of reference for such assignments.	Decision making report checklist does not include specific reference to IA advice but does include finance therefore HIA receives all reports and agendas
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.	Giving assurance on the control environment. This includes risk and information management and internal controls across all systems. Reviewing the adequacy of key corporate arrangements including eg risk strategy, risk register, counter fraud and corruption strategy, corporate plan. Producing an evidence based annual internal audit opinion on the organisation's control environment. Working closely with others to ensure that sufficient and relevant evidence is used. Where relying on others, clarifying the degree and basis for the reliance.	

	Reviewing significant partnership arrangements and major services provided by third parties and the controls in place to promote and protect the organisation's interests. Assessing whether lines of responsibility and assurance are clear.	
	Liaising closely with the external auditor to share knowledge and to use audit resources most effectively.	
	Producing an internal audit strategy that fits with and supports the organisation's objectives.	
	Reviewing the organisation's risk maturity (including the organisation's own assessment) and reflecting this in the strategy.	
	Consulting stakeholders, including senior managers and non-executive directors/elected representatives on the internal audit strategy.	
	Setting out how the HIA plans to rely on others for assurance on the organisation's controls and risks and taking account of any limitations in assurance given by others.	
	Liaising with external inspectors and review agencies where appropriate when drawing up the internal audit strategy.	Liaison arrangements are restricted to external audit only
	Liaising with the external auditor on the internal audit strategy, but not being driven by external audit's own priorities	
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.	Escalating any concerns through the line manager, Chief Executive, Audit Committee and Leadership Team, legal officers, external auditor as appropriate.	
	Supporting the Audit Committee in reviewing its own effectiveness and advising the Chair and line manager of any suggested improvements.	A formal review of effectiveness is planned for January 2015.
	Consulting stakeholders, including senior managers and non-executive directors/elected representatives on the internal audit strategy	

The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.	Leading and directing the internal audit service so that it makes a full contribution to and meets the needs of the organisation and external stakeholders. Determining the resources, expertise, qualifications and systems for the internal audit service that are required to meet internal audit's objectives; using a full range of resourcing options including consultancy, working with others and buying in where appropriate. Informing the Leadership Team and Audit Committee if there are insufficient resources to carry out a satisfactory level of internal audit, and the consequence for the level of assurance that may be given. Implementing robust processes for recruitment of internal audit staff and/or the procurement of internal audit services from external suppliers. Ensuring that the professional and personal training needs for staff are assessed and seeing that these needs are met. Developing succession plans and helping staff with their career progression. 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	Within HR policies

	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 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 HIAs and learning from them, implementing improvements where appropriate. Demonstrating how internal audit adds value to the organisation.	
The HIA in a public service organisation must be professionally qualified and suitably experienced	The HIA is Cipfa qualified and maintains Continuous Professional Development as part of this qualification, with a proven record in the role of HIA	