

# Governance, Risk, and Best Value Committee

10.00am, Tuesday, 3 December 2019

## The Role of the Head of Internal Audit and Leading Internal Audit in the Public Sector

Item number

Executive/routine

Wards

Council Commitments

### 1. Recommendations

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1.1 It is recommended that Committee:

- 1.1.1 considers the areas for improvement and good practice recommendations detailed at 4.3; 4.5; and 4.8 below and decides whether these should be implemented to ensure alignment with Chartered Institute of Public Finance and Accountancy (CIPFA) Statement recommendations and good practice already implemented across other public sector organisations.
- 1.1.2 notes that the Corporate Leadership Team (CLT) has agreed that a Council wide accountability and assurance framework (which is one of the key recommendations included in the CIPFA statement) will be implemented by 31 March 2022.
- 1.1.3 directs Internal Audit (IA) to report on the extent of the Council's alignment with CIPFA Statement recommendations in the annual Internal Audit opinion.
- 1.1.4 directs IA to request consideration of alignment with CIPFA Statement recommendations in the IA external quality assessments performed every five years as required by the Public Sector Internal Audit Standards (PSIAS).

**Lesley Newdall**

Chief Internal Auditor

Legal and Risk Division, Resources Directorate

E-mail: [lesley.newdall@edinburgh.gov.uk](mailto:lesley.newdall@edinburgh.gov.uk) | Tel: 0131 469 3216

## The Role of the Head of Internal Audit and Leading Internal Audit in the Public Sector

### 2. Executive Summary

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- 2.1 The purpose of this paper is present the outcomes of a comparison performed between the CIPFA April 2019 Statement (the Statement) titled the Role of the Head of Internal Audit (HIA) in Public Service Organisations, and the good practice examples highlighted in their associated publication (the Associated Publication) titled Leading Internal Audit in the Public Sector: Putting Principles into Practice, with the Council's current Internal Audit (IA) arrangements.
- 2.2 The comparison was performed in line with the CIPFA recommendation that public sector bodies evaluate their organisational arrangements for IA and consider the extent to which they align to the five principles and the supporting leadership team and HIA responsibilities detailed in the Statement.
- 2.3 Review of the 28 leadership team responsibilities in comparison to current practices applied across the Council identified six potential areas for improvement, whilst review of the 23 core HIA responsibilities identified one area for improvement. Further detail is included at 4.3 and 4.4 below, and Appendix 1.
- 2.4 The most significant areas for potential improvement include the opportunity for implementation of a Council wide accountability and assurance framework; the CLT and senior management to engage IA more effectively in providing independent advice in relation to significant organisational changes; and performing ongoing reviews of GRBV effectiveness.
- 2.5 Following consideration of the Statement, the CLT has agreed that a Council wide accountability and assurance framework will be implemented by 31 March 2022.
- 2.6 Additionally, review of the 15 good practice examples included in the Associated Publication in comparison to current Council IA practices identified a total of eight areas of good practice employed by IA in other public sector organisations that are not currently applied at the Council. Four of these were already identified in the six potential areas for improvement noted above, with the remaining four detailed at 4.8 below, and further detail included at Appendix 2.

### 3. Background

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- 3.1 In April 2019 the CIPFA (the standards setter for internal audit, governance and financial accounting in the Public Sector) published a new Statement and Associated Publication.
- 3.2 The Statement is aligned with PSIAS 2017 and is explicitly linked to the Core Principles for the Professional Practice of Internal Auditing, helping to demonstrate how the HIA role supports internal audit effectiveness.
- 3.3 CIPFA confirms in the Statement that the main reasons for are the ongoing challenges faced by HIAs in public services to ensure that professional standards are maintained and their internal audit (IA) teams remain effective, as organisations have a direct impact on the resources, scope and authority given to internal audit, and that whilst HIAs must step up and deliver a professional service to the best of their ability, it is important to recognise this responsibility does not lie solely with the HIA. As one of the setters of the PSIAS, CIPFA considers it essential that public service organisations properly support their internal auditors to enable them to meet the standards.
- 3.4 Additionally, as CIPFA champions good governance and strong public financial management in public services and believes that IA has an essential role to play in supporting those objectives, they consider that HIAs need recognition for their contributions, together with support and encouragement.
- 3.5 Consequently, the Statement is designed to set out the role of the HIA in public service organisations; to help ensure organisations engage with and support the HIA role effectively; and to recommend how the role operates in practice to deliver high quality IA leadership.
- 3.6 The Statement includes five principles that set out not only the responsibilities of the HIA but also those of the organisation, and the Associated Publication includes good practice examples of how HIAs are already successfully working with their organisations to put the Statement principles into practice.
- 3.7 CIPFA highlights that the Statement should support both HIAs and those they work with such as members of the leadership team or the audit committee in their adoption of the principles.
- 3.8 CIPFA believes that organisations should view the Statement as best practice and use it together with the good practice examples in the Associated Publication to support their HIA arrangements and improve both IA quality and organisational governance arrangements.
- 3.9 The intended audience for the Statement is HIAs in public services; all those with a leadership role in public bodies; and members of audit committees.
- 3.10 CIPFA recommends that public sector bodies evaluate their organisational arrangements for IA and consider the extent to which they align to the five principles detailed in the Statement.

- 3.11 The CIPFA statement and the recommendations included in this paper were considered by the CLT in October 2019.

## 4. Main report

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### **CIPFA Statement Principles**

- 4.1 The five principles included in the CIPFA Statement are:
- 4.1.1 Principle 1: The 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.
  - 4.1.2 Principle 2: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance and commenting on responses to emerging risks and proposed developments.
  - 4.1.3 Principle 3: The HIA must be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee.
  - 4.1.4 Principle 4: The HIA must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively.
  - 4.1.5 Principle 5: The HIA must be professionally qualified and suitably experienced.

### **Leadership Team Responsibilities to enable the HIA to fulfil their role**

- 4.2 CIPFA has defined a total of 28 organisational responsibilities aligned with the five principles and recommends that leadership teams should implement them to ensure that that organisation effectively supports the HIA in fulfilling their role; achieves ongoing IA compliance with PSIAS requirements; and implements the best practice expectations detailed in the Statement.
- 4.3 Review of the 28 leadership team responsibilities in comparison to current practices applied across the Council identified the following six potential areas for improvement. Further detail on these opportunities is also included at Appendix 1. The points annotated with \* reflect potential areas for improvement that are also included as good practice examples in the Associated Publication that have been implemented across other public sector organisations. Further detail on the good practice examples is included at 4.6 and 4.7 below and also Appendix 2.
- 4.3.1 \*Principle 1 (requirement 2): potential for development and implementation of a Council wide accountability and assurance framework detailing the roles and responsibilities for provision of assurance across the three lines of defence and external assurance providers.
  - 4.3.2 Principle 1 (requirement 3): the accountability and assurance framework highlighted above should specify the need for inclusion of all assurance

findings raised by all assurance providers (including IA) in annual governance statements.

- 4.3.3 \*Principle 2 (requirement 3): opportunity for the CLT and senior management to engage IA more effectively in providing independent advice in relation to significant organisational changes.
- 4.3.4 \*Principle 3 (requirement 3): opportunity to perform a regular review of GRBV effectiveness with support from IA.
- 4.3.5 \*Principle 3 (requirement 4): update the Council's Committee Terms of Reference and Delegated Functions document to reflect GRBV's responsibility to monitor IA's adherence to professional standards (PSIAS).
- 4.3.6 Principle 3 (requirement 8): opportunity for the CLT to agree CIA responsibilities relating to organisational partners, including collaborations and outsourced and shared services, and update the IA charter to reflect this

### **Core HIA responsibilities**

- 4.4 CIPFA has defined a total of 23 core HIA responsibilities aligned with the five principles and recommends that the HIA should implement these to ensure ongoing compliance with PSIAS requirements and achieve the best practice expectations detailed in the Statement.
- 4.5 Review of the 23 core CIPFA HIA responsibilities in comparison to current practices applied by the Council's Chief Internal Auditor has identified one area for improvement. This relates to Principle 3 (requirement 3) and highlights the opportunity for IA to provide support for regular reviews of GRBV effectiveness as recommended at 4.3.4 above. Further detail is also included at Appendix 1.

### **CIPFA Good Practice Examples included in the Associated Publication**

- 4.6 CIPFA has identified a total of 15 good practice examples in the Associated Publication that demonstrate how HIAs are successfully working with their organisations to put the recommended Statement principles into practice
- 4.7 Review of the 15 examples in comparison to current practices applied by the Council's IA team has identified a total of eight areas of good practice employed by IA in other public sector bodies that are not currently applied at the Council.
- 4.8 Four of these have already been identified in the potential opportunities detailed at section 4.3 above (annotated with a \*), with the remaining four detailed below. Further detail is also included at Appendix 2.
  - 4.8.1 Principle 1 (example 1): potential for the outputs from the assurance map and assurance findings raised could be used to further inform the Internal Audit annual planning process and ensure appropriate ongoing focus of Internal Audit resources.
  - 4.8.2 Principle 2 (example 1): opportunity for Internal Audit to include specific recommendations in audit reports that the risks associated with control gaps

identified should be included in divisional and directorate risk register where appropriate.

4.8.3 Principle 2 (example 1): opportunity for IA to improve alignment between IA and risk management following implementation of the new risk management framework.

4.8.4 Potential for inclusion of a specific risk culture and ethics review in the 2020/21 Internal Audit annual plan.

## **5. Next Steps**

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5.1 Implementation of approved recommendations by both the Corporate Leadership Team and IA.

## **6. Financial impact**

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6.1 There are no direct financial impacts arising from this report.

## **7. Stakeholder/Community Impact**

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7.1 Alignment with the CIPFA Statement recommendations should further enhance the Council's governance, risk management and control frameworks, with an indirect positive impact on services delivered to citizens, stakeholders, and communities.

## **8. Background reading/external references**

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8.1 [CIPFA: The Role of the Head of Internal Audit in Public Sector](#)

8.2 [CIPFA: Leading Internal Audit in the Public Sector](#)

8.3 [Internal Audit Charter](#)

8.4 [Internal Audit 2019-20 Annual Plan](#)

8.5 [Internal Audit 2018-19 Annual Opinion](#)

## **9. Appendices**

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Appendix 1 - Comparison of CIPFA Statement responsibilities current Council practices

Appendix 2 – Comparison of CIPFA good practice examples with current Council practices

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
<p><b>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.</b></p>			
1.1	<p><b>Requirement</b> Set out the responsibilities of the leadership team for internal audit</p> <p><b>Response</b> The Corporate Leadership Team’s responsibilities are detailed in the Internal Audit Annual Charter that is refreshed annually and approved by the Corporate Leadership Team and the Governance, Risk and Best Value Committee.</p>	<p><b>Requirement</b> 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</p> <p><b>Response</b> The IA annual plan is risk based and clearly aligned with the CLT risk register. IA terms of reference also include reference to the relevant CLT risks covered in the scope of each review.</p>	None
1.2	<p><b>Requirement</b> Establish an internal accountability and assurance framework including how internal audit works with other providers of assurance</p> <p><b>Response</b> Details of how internal audit works with other assurance providers (second line of defence; external audit and external assurance providers) is included in the annual Internal Audit plan. This has not yet been established as a framework across the Council</p>	<p><b>Requirement</b> Identify where internal audit assurance will add the most value or do most to facilitate improvement</p> <p><b>Response</b> The annual IA plan is predominantly focused on most significant risks included in the CLT risk register and aims to provide assurance across all Council services on a rolling three year basis. The annual planning process also considers:</p> <ul style="list-style-type: none"> <li>• Lower level Directorate and Divisional risk register</li> <li>• New and emerging legislation and statutory requirements (e.g. GDPR and IR35).</li> <li>• Technology risk</li> </ul>	<p><b>Organisational:</b> potential for development and implementation of a Council wide accountability and assurance framework detailing the roles and responsibilities for provision of assurance across the three lines of defence and external assurance providers.</p>

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
		<ul style="list-style-type: none"> <li>• The views of Elected Members</li> <li>• Findings raised by other assurance providers and their assurance plans for the year.</li> </ul>	
1.3	<p><b>Requirement</b> 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</p> <p><b>Response</b> This has not yet been clearly defined across the Council, however management is required to reflect details of all significant control gaps identified by IA in the annual governance statement.</p>	<p><b>Requirement</b> 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.</p> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>• An overall audit outcome is applied to each audit report using a scoring system based on the volume and significance of findings raised.</li> <li>• The annual opinion is based on the consolidated outcomes of all audits completed in the plan year and the status and age of open and overdue IA findings.</li> <li>• Each audit report concludes on the adequacy and effectiveness of governance, risk management and control for each area / process reviewed.</li> <li>• The annual opinion includes an overall opinion in on the adequacy and effectiveness of the Council's framework of governance, risk management and control.</li> </ul>	<p><b>Organisational:</b> the framework highlighted above should specify the need for inclusion of all assurance findings raised by all assurance providers (including IA) in annual governance statements.</p>
1.4	<p><b>Requirement</b> Set out the responsibilities of the HIA and ensure the independence of the role is preserved. If additional</p>	Not applicable	None



## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
	<p>responsibilities are taken on then appropriate safeguards should be put in place</p> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>• The Chief Internal Auditor is currently solely responsible for delivery of Internal Audit assurance.</li> <li>• The responsibilities of the CIA are defined in the CIA role description.</li> <li>• The CIA reports on independence annually in the annual Internal Audit opinion.</li> </ul>		
1.5	<p><b>Requirement</b></p> <p>Ensure internal audit is independent of external audit</p> <p><b>Response</b></p> <p>Internal Audit is an internal service and is completely independent of external audit (currently Scott Moncrieff).</p>	Not applicable	None
1.6	<p><b>Requirement</b></p> <p>Establish clear lines of reporting of the HIA to the leadership team and to the audit committee</p> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>• The CIA reports via the Head of Legal and Risk to the Executive Director of Resources and then to the Chief Executive.</li> <li>• The Internal Audit charter includes details of the independent reporting line to the Chief Executive and GRBV.</li> </ul>	Not applicable	None
1.7	<b>Requirement</b>	Not applicable	None

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
	<p>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</p> <p><b>Response</b></p> <p>All reports prepared and presented to the CLT and GRBV are signed as prepared by the CIA.</p>		
1.8	<p><b>Requirement</b></p> <p>Ensure the internal audit charter and plan are approved by the audit committee in accordance with the PSIAS</p> <p><b>Response</b></p> <p>The Internal Audit charter and plan are approved annually by the GRBV, usually in March each year.</p>	Not applicable	None
<p><b>Principle 2: The head of internal audit (HIA) in a public service organisation plays a critical role in delivering the organisation’s strategic objectives by championing best practice in governance and commenting on responses to emerging risks and proposed developments.</b></p>			
2.1	<p><b>Requirement</b></p> <p>Establish top level commitment to the principles of good governance, recognising its importance for achieving strategic objectives</p> <p><b>Response</b></p> <p>The Council has an established governance framework that should be consistently applied. It is also expected that Internal Audit will highlight any potential governance weaknesses as part of the ongoing assurance that they provide across the Council.</p>	<p><b>Requirement</b></p> <p>Work with others in the organisation to promote and support good governance</p> <p><b>Response</b></p> <p>IA will provide advice on good governance when requested and routinely considers the design adequacy and operating effectiveness of established governance frameworks during audit reviews, with any control gaps identified detailed in findings raised.</p>	None

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
2.2	<p><b>Requirement</b> Set out the HIA's role in good governance and how this fits with the role of others</p> <p><b>Response</b> The CIA's role in relation to good governance is detailed in the IA charter which states that IA's responsibilities include the requirement to independently review, evaluate and report on the operation of the Council's corporate governance arrangements, and that IA is authorised by the CLT to review and report on the content of the annual governance attestations prepared by the Council's Chief Executive and the Executive Directors to confirm whether the content in relation to effective management of risk and control across the services delivered by the Council appropriately reflects the outcomes of completed audit work and progress with implementation of agreed management actions.</p>	<p><b>Requirement</b> Help the organisation understand the risks to good governance</p> <p><b>Response</b> This is achieved through delivery of the annual IA plan and opinion, with additional advice and guidance provided upon request.</p>	None
2.3	<p><b>Requirement</b> Recognise and support the role internal audit can play in providing advice and consultancy internally</p> <p><b>Response</b> IA is not routinely engaged to provide internal advice and consultancy.</p>	<p><b>Requirement</b> Give advice to the leadership team and others on the control arrangements and risks relating to proposed policies, programmes and projects.</p> <p><b>Response</b> IA is not routinely engaged to provide advice on organisational changes that could impact control arrangements, proposed policies and programmes and projects, however there are some examples where IA has provided this type of support such as the</p>	<p><b>Organisational:</b> opportunity for the leadership team and senior management to engage IA more effectively in providing independent advice in relation to significant organisational changes.</p>

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
		Building Standards Change Programme, and the Tram and Enterprise Resource Planning Projects	
2.4	<p><b>Requirement</b> Ensure that the HIA has the opportunity to advise on or provide assurance on all major projects, programmes and policy initiatives</p> <p><b>Response</b> Covered at 2.3 above</p>	<p>Promote the highest standards of ethics and standards across the organisation based on the principles of integrity, objectivity, competence and confidentiality</p> <p><b>Response</b> IA team and CIA objectives include the requirement to ensure ongoing compliance with the Institute of Internal Auditors ethical standards.</p>	<b>None</b>
2.5	<p><b>Requirement</b> Take account of the HIA's advice in new and developing systems.</p> <p><b>Response</b> Covered at 2.3 above.</p>	<p><b>Requirement</b> Demonstrate the benefits of good governance for effective public service delivery and how the HIA can help.</p> <p><b>Response</b> Covered at 2.2 above and also included in IA training on risk, controls and the three lines of defence delivered to the CLT and Heads of Divisions in May 2019.</p>	
2.6	Not applicable	<p><b>Requirement</b> Offer advisory or consulting services where appropriate</p> <p><b>Response</b> IA support is available upon request, and this will also be reinforced in the new IA Intranet pages that are currently being developed.</p>	

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
2.7	Not applicable	<p><b>Requirement</b></p> <p>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.</p> <p><b>Response</b></p> <p>Covered in the response at 2.3 above.</p>	As per 2.3 above.
<p><b>Principle 3: The head of internal audit (HIA) must be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee.</b></p>			
3.1	<p><b>Requirement</b></p> <p>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</p> <p><b>Response</b></p> <p>Lesley Newdall is the current designated Chief Internal Audit employed by the Council, following her appointment to the role in May 2017.</p>	<p><b>Requirement</b></p> <p>Ensure the internal audit charter clearly establishes appropriate reporting lines that facilitate engagement with the leadership team and audit committee</p> <p><b>Response</b></p> <p>The CIA has an independent reporting line to the Chief Executive and also to the Governance Risk and Best Value Committee, and these arrangements are detailed in the Internal Audit Charter.</p> <p>These reporting lines facilitate engagement with both the Corporate Leadership Team (CLT) and the Governance, Risk and Best Value Committee (GRBV).</p>	None
3.2	<p><b>Requirement</b></p> <p>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</p>	<p><b>Requirement</b></p> <p>Escalate any concerns about maintaining independence through the line manager, chief</p>	None

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
	<p>organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to management</p> <p><b>Response</b></p> <p>The CIA reports through the Head of Legal and Risk to the Executive Director of Resources and ultimately the Council's Chief Executive.</p> <p>The CIA has an independent reporting line to the Chief Executive and also to the Governance Risk and Best Value Committee, and these arrangements are detailed in the Internal Audit Charter.</p> <p>The annual Internal Audit opinion includes an attestation prepared by the CIA in relation to ongoing IA independence.</p>	<p>executive, audit committee and leadership team or external auditor as appropriate</p> <p><b>Response</b></p> <p>Any concerns in relation to maintaining independence would be escalated via the established CIA reporting line or directly to the Chief Executive or GRBV Convenor where necessary.</p>	
3.3	<p><b>Requirement</b></p> <p>Engage constructively with the HIA and facilitate their role throughout the organisation</p> <p><b>Response</b></p> <p>A suite of IA key performance indicators was approved by the CLT and the GRBV in January 2019 to track effectiveness of delivery of the annual plan by IA and support to deliver the plan provided by Council Directorates and Divisions.</p> <p>A performance dashboard has now been developed based on these KPIs and will be shared with the CLT monthly to highlight and facilitate discussion on any engagement challenges that have the potential to impact on delivery of the annual plan.</p>	<p><b>Requirement</b></p> <p>Contribute to the review of audit committee effectiveness, advising the chair and relevant managers of any suggested improvements</p> <p><b>Response</b></p> <p>No recent review has been performed of GRBV effectiveness.</p>	<p><b>Organisational and CIA:</b></p> <p>opportunity to perform a regular review of GRBV effectiveness with support from IA.</p>

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
3.4	<p><b>Requirement</b> Ensure the audit committee terms of reference includes oversight of internal audit including the monitoring of adherence to professional standards</p> <p><b>Response</b> Responsibility for monitoring the effectiveness of the Council's audit team is specified in the powers delegated to the Governance, Risk and Best Value Committee at section 7.5.1 to 7.5.4 of the Council's approved <a href="#">Committee Terms of Reference and Delegated Functions document</a>. The document does not specify that the GRBV should monitor IA's adherence to professional standards, however ongoing PSIAS compliance is included in the annual IA opinion</p>	<p><b>Requirement</b> Consult stakeholders, including senior managers and non-executive directors/elected representatives on internal audit plans.</p> <p><b>Response</b> There is an established Internal Audit annual planning process that involves engagement with senior managers (including Heads of Divisions; Directors and the CLT) and Elected Members. The Council currently has no non-executive directors.</p>	<p><b>Organisational:</b> opportunity to update the Committee Terms of Reference and Delegated Functions document to reflect GRBV's responsibility to monitor IA's adherence to professional standards (PSIAS).</p>
3.5	<p><b>Requirement</b> Ensure the HIA's reporting relationship with the audit committee and its chair as set out in the internal audit charter is applied.</p> <p><b>Response</b> Regular meetings are held between the CIA and the Convenor of the GRBV</p>	Not Applicable	None
3.6	<p><b>Requirement</b> Ensure the organisation's governance arrangements give the HIA:</p>	Not Applicable	None

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
	<ul style="list-style-type: none"> <li>• direct access to the chief executive, other leadership team members, the audit committee and external audit; and</li> <li>• attendance at meetings of the leadership team and management team when the HIA considers this to be appropriate</li> </ul> <p><b>Response</b> Regular one to one meetings are held between the Chief Executive and the CIA. The CIA attends the CLT regularly to present progress with delivery of the IA annual plan; the outcomes of completed audits; and the status of open and overdue IA findings. The CIA also receives copies of all CLT agendas and meeting papers and would ask to join the CLT meeting where this was considered appropriate</p>		
3.7	<p><b>Requirement</b> 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</p> <p><b>Response</b> Rights of access for IA to all papers and people in the organisation are detailed in the IA Charter that is refreshed and approved annual by the CLT and GRBV. Right to audit clauses are also included in significant supplier contracts and governance arrangements with arms-length organisations.</p>	Not Applicable	None



## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
	Internal Audit also delivers IA services to a number of arms-length organisations (for example SEStran; Lothian Valuation Joint Board; Lothian Pension Fund and the Royal Edinburgh Military Tattoo).		
3.8	<p><b>Requirement</b></p> <p>Set out the HIA's responsibilities relating to organisational partners including collaborations and outsourced and shared services.</p> <p><b>Response</b></p> <p>Whilst these have not been documented in the IA Charter, right to audit clauses are also included in significant supplier contracts (for example CGI).</p>	Not Applicable	<p><b>Organisational :</b></p> <p>Opportunity for the CLT to agree CIA responsibilities relating to organisational partners, including collaborations and outsourced and shared services, and update the IA charter to reflect this</p>
<p><b>Principle 4: The head of internal audit (HIA) must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively.</b></p>			
4.1	<p><b>Requirement</b></p> <p>Provide the HIA with the status, resources, expertise and systems necessary to perform their role effectively</p> <p><b>Response</b></p> <p>The adequacy of Internal Audit resources to support plan delivery is considered when preparing the IA annual plan and routinely monitored throughout the year.</p> <p>Internal Audit resources have substantially increased following the appointment of the CIA in May 2017.</p>	<p><b>Requirement</b></p> <p>Lead and direct the internal audit service so that it meets the needs of the organisation and external stakeholders and fulfils professional standards</p> <p><b>Response</b></p> <p>As noted at 1.2 above, the annual IA plan is predominantly focused on most significant risks included in the CLT risk register and aims to provide assurance across all Council services on a rolling three year basis, and ongoing conformance with the requirements of Public Sector Internal Audit Standard is included in the IA annual opinion</p>	None

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
	IA resources are further augmented by the existing co source arrangement with PwC that enables IA to draw down resources to support delivery of the plan as required.		
4.2	<p><b>Requirement</b></p> <p>Ensure the audit committee contributes to a performance framework for the HIA and the internal audit service and takes action as appropriate</p> <p><b>Response</b></p> <p>Both CLT and GRBV approved the Internal Audit Journey Map and Key Performance Indicators in January 2019. This performance framework has been applied throughout the 2019/20 IA plan year.</p>	<p><b>Requirement</b></p> <p>Demonstrate how internal audit adds value to the organisation</p> <p><b>Response</b></p> <p>Recent training provided to the Corporate Leadership Team and Heads of Divisions included examples of where IA had added value to the organisation. Positive feedback and examples of where IA had added value were also included in the IA training vide developed in July 2018.</p>	None
4.3	<p><b>Requirement</b></p> <p>ensure an external review of internal audit quality is carried out at least once every five years in accordance with PSIAS</p> <p><b>Response</b></p> <p>The GRBV reviewed and approved the IA journey map and supporting key performance indicators (KPIs) in January 2019. A dashboard monitoring progress against the KPIs has been developed and applied throughout the 2019/20 plan year.</p>	<p><b>Requirement</b></p> <p>Determine the resources, expertise, qualifications and systems for the internal audit service that are required to meet internal audit's objectives</p> <p><b>Response</b></p> <p>Adequacy of IA resources to support delivery of the IA annual plan is modelled during the annual planning process and the outcomes included the IA annual opinion.</p>	None
4.4	<p><b>Requirement</b></p> <p>Ensure the audit committee provides support for and participates in the quality assurance and improvement programme as set out in PSIAS.</p>	<p><b>Requirement</b></p> <p>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</p>	None

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
	<p><b>Response</b></p> <p>The next scheduled IA external quality assessment is in plan year 2020/21 to ensure conformance with PSIAS requirements for a five yearly EQA cycle (the last review was completed in 2016/17).</p> <p>GRBV members will be requested to provide support for and input into this process.</p>	<p>the consequence for the level of assurance that may be given</p> <p><b>Response</b></p> <p>The CIA monitors adequacy of resources and IA capacity to deliver the plan on an ongoing basis, highlighting any concerns through the established CIA reporting line and ultimately to the CLT and GRBV.</p>	
4.5	Not applicable	<p><b>Requirement</b></p> <p>Ensure the professional and personal training needs for staff are assessed and that these needs are met</p> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>• A significant proportion of the Internal Audit team are professionally qualified and require to meet the continuous professional development requirements of their relevant professional bodies. This is largely achieved by attending ‘free’ courses provided by the relevant professional bodies.</li> <li>• Each member of the Internal Audit team attends the Scottish Institute of Internal Audit annual conference once every three years, with details of conference presentations shared across the team.</li> <li>• A number of team members who are currently studying for their professional qualifications have successfully obtained support from the Council’s Further and higher education scheme to fund their studies.</li> </ul>	None

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
		<ul style="list-style-type: none"> <li>• IA regularly attends the 'lunch and learn' sessions hosted by Finance to help develop their knowledge and understanding of the Council.</li> <li>• IA also attends any relevant training designed and delivered by SLACIAG which is normally delivered at a reduced rate.</li> <li>• An essential learning programme has been prepared for each member of the IA team and completion is included in team performance objectives. This uses the training resources currently available within the Council to ensure the team remain up to date with applicable legislation, relevant Council policies, and guidance.</li> <li>• The IA team is also actively encouraged to use LinkedIn as a training tool as a number of interesting technical articles are published there by CIPFA, professional accountancy firms, the Institute of Internal Auditors and IA professionals. A number of helpful soft skills and leadership articles are also available via the LinkedIn forum.</li> </ul>	
4.6	Not applicable	<p><b>Requirement</b></p> <p>Establish a quality assurance and improvement programme that includes:</p> <ul style="list-style-type: none"> <li>• ensuring professional internal audit standards are complied with</li> </ul>	<b>None</b>

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
		<ul style="list-style-type: none"> <li>• reviewing the performance of internal audit and ensuring the service provided is in line with the expectations and needs of its stakeholders</li> <li>• 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</li> <li>• 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</li> <li>• seeking continuous improvement in the internal audit service</li> </ul> <p><b>Response</b></p> <p>In 2018/19 IA reported a minor instance of non conformance in relation to completion of a specific internal quality assessment across a sample of completed audits. An Internal QA review is scheduled for completion in February 2020 and will resolve this issue.</p> <ul style="list-style-type: none"> <li>• Current IA methodology is based on industry best practice used by a professional services firm.</li> <li>• In 2019/20 IA updated their IA system to ensure that all aspects of the methodology are embedded in the system, with supporting review processes to confirm that each stage of the methodology has</li> </ul>	

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
		<p>been applied or supporting rational provided where it is not applicable.</p> <ul style="list-style-type: none"> <li>• As noted at 3.3 above, the IA journey map and key performance indicators was approved by the CLT and GRBV in January 2019. A dashboard detailing performance against the KPIs has been developed and is reported monthly to the CLT, and an assessment of IA performance based on the KPIs will be included in the 2019/20 annual opinion.</li> <li>• Ongoing monitoring and review is performed during the course of each audit to ensure that all audit outcomes are supported by appropriate evidence with controls steps and review processes signed off in the IA TeamMate system. All terms of reference and reports are subject to review by the CIA prior to their issue.</li> <li>• IA has a regular strategic team meeting (circa every 6 weeks) and an annual strategy offsite day to focus on both strategic objectives and areas for continuous improvement. A continuous improvement log is maintained, and team members encouraged to contribute their improvement ideas and support delivery of initiatives.</li> </ul>	
4.7	Not applicable	<p><b>Requirement</b></p> <p>Keep up to date with developments in governance, risk management, control and internal auditing,</p>	<b>None</b>

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
		<p>including networking with other HIAs and learning from them, implementing improvements where appropriate.</p> <p><b>Response</b></p> <p>The CIA attends local authority head of audit networking groups (SLACIAG) and the Institute of Internal Auditors Head of Audit forum.</p>	
<p><b>Principle 5: The head of internal audit (HIA) must be professionally qualified and suitably experienced</b></p>			
5.1	<p><b>Requirement</b></p> <p>Appoint a professionally qualified HIA whose core responsibilities include those set out in the PSIAS <i>as well as</i> under the other principles in this statement and ensure that these are properly understood throughout the organisation</p> <p><b>Response</b></p> <p>The current Chief Internal Auditor is a qualified Chartered Accountant (member of the Institute of Chartered Accountants Scotland) and an affiliate member of the Institute of Internal Auditors</p>	<p><b>Requirement</b></p> <p>Be a full member of an appropriate professional body and have an active programme for personal professional development</p> <p><b>Response</b></p> <p>The current Chief Internal Auditor is a qualified Chartered Accountant (member of the Institute of Chartered Accountants Scotland); an affiliate member of the Institute of Internal Auditors and a member of the Chartered Institute of Management and is required to meet their ongoing continuous professional development requirements.</p>	None
5.2	<p><b>Requirement</b></p> <p>Ensure the HIA has the skills, knowledge and internal audit experience, together with sufficient resources to perform effectively in the role</p> <p><b>Response</b></p>	<p><b>Requirement</b></p> <p>Adhere to professional internal audit and ethical standards (and where appropriate accounting and auditing standards).</p> <p><b>Response</b></p>	None

## Appendix 1 – Comparison of CIPFA Statement responsibilities current Council practices

Ref	Organisational Leadership Team Responsibilities	Chief Internal Auditor responsibilities	Areas for Improvement
	<p>The current CIA has extensive experience in Internal Audit at a senior management level in the financial services sector.</p> <p>The adequacy of IA resources is covered at point 4.1 above.</p>	<p>The CIA is a member of the Institute of Chartered Accountants Scotland, and an Affiliate member of the Institute of Internal Auditors and is required to demonstrate ongoing compliance with the ethical standards of both organisations.</p>	
5.3	<p><b>Requirement</b></p> <p>Support continuing professional development of the HIA.</p> <p><b>Response</b></p> <p>The CIA is required to meet the ongoing continuous professional development requirements of both ICAS and the IIA and is supported in this by the Council.</p>	Not Applicable	<b>None</b>



## Appendix 2 - Comparison of CIPFA good practice examples with current Council practices

Ref	CIPFA Good Practice Examples	Approach at City of Edinburgh Council	Areas for Improvement
<p><b>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.</b></p>			
1.1	<p>Developing internal audit planning to support auditing at the speed of risk for example:</p> <ul style="list-style-type: none"> <li>• Introduction of flexible planning</li> <li>• Development of an assurance map detailing how assurance is provided across the three lines of defence within the organisation and by external organisations.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual risk based internal audit plan produced that focuses on the Council’s most significant risks. The plan also considers assurance provided by regulators and other external organisations to avoid potential duplication of effort.</li> <li>• Review of the plan halfway through the year by the Chief Internal Auditor to confirm that it remains relevant.</li> <li>• Established governance process to support approval of planned and retrospective plan changes by the Corporate Leadership Team and Governance, Risk, and Best Value Committee.</li> <li>• Additional audits added to plan where required (for example Garden Waste and Mela in 2018/19, and City Deal in 2019/20)</li> <li>• Inclusion of ‘findings only’ methodology in the Internal Audit charter, enabling Internal Audit to raise findings where significant risks are identified regardless of whether the area / subject is included in the annual plan</li> <li>• Implementation of ‘agile’ auditing for significant projects.</li> <li>• The Chief Internal Auditor attends the Local Area Network meetings facilitate by external audit and attended by external assurance providers, and regularly engages with</li> </ul>	<p><b>Assurance Mapping</b></p> <p>Potential to develop an assurance map for the Council detailing the levels of assurance provided across the first (divisions); second (corporate teams such as Health and Safety; Resilience; and Information Governance) and third (Internal Audit) lines of defence and assurance provided by external organisations.</p> <p>The outputs from the assurance map and assurance findings raised could be used to further inform the Internal Audit annual planning process and ensure appropriate ongoing focus of Internal Audit resources.</p>

## Appendix 2 - Comparison of CIPFA good practice examples with current Council practices

Ref	CIPFA Good Practice Examples	Approach at City of Edinburgh Council	Areas for Improvement
		external assurance providers on the scope of ongoing Internal Audit work to avoid potential duplication of effort.	
1.2	<p>Providing assurance over cyber security, for example:</p> <ul style="list-style-type: none"> <li>Review of penetration testing</li> <li>Phishing exercises</li> </ul>	<ul style="list-style-type: none"> <li>The current Internal Audit co-source arrangement enables IA to draw upon specialist technical skills where these do not currently exist within the team.</li> <li>A comprehensive list Digital Services (including CGI) audits are included in the annual plan. In 2018/19 Internal Audit reviewed key cyber security controls as part of the Public Sector Cyber Action Plan and Public Services Network reviews. A review of Phishing was also completed in 2017/18 that included completion of a simulated phishing exercise across the Council.</li> <li>A review of user access rights across key financial systems was also performed in 2018/19.</li> <li>Security and technology risks will continue to be considered as a key risk for inclusion in all future Internal Audit annual plans.</li> </ul>	None.
<p><b>Principle 2: The head of internal audit (HIA) in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance and commenting on responses to emerging risks and proposed developments.</b></p>			
2.1	<p>Introducing an 'organisational infrastructure' approach to governance, risk and control. For example, asking Internal Audit to support development of a new risk management framework that is focused on governance and control through a series of forums that determines accountabilities and ensures compliance.</p>	<ul style="list-style-type: none"> <li>A review of the risk management framework is included in the 2019/20 Internal Audit plan. This will be performed by an external provider to ensure that IA independence is maintained given current reporting lines through to the Head of Legal and Risk.</li> <li>The Council's risk management framework is in the process of being redesigned and IA is providing input to the proposals.</li> </ul>	<p><b>Internal Audit recommendations</b></p> <p>Opportunity for Internal Audit to include specific recommendations in audit reports that the risks associated with control gaps identified should be included in divisional and directorate risk register where appropriate.</p>

## Appendix 2 - Comparison of CIPFA good practice examples with current Council practices

Ref	CIPFA Good Practice Examples	Approach at City of Edinburgh Council	Areas for Improvement
	<p>It also encourages the 'top table' to have an oversight on the basic control framework to reflect the fact that it has strategic importance for the organisation's success.</p>	<ul style="list-style-type: none"> <li>Internal Audit currently attends the Corporate Leadership Team and Directorate Risk Committees, providing input and challenge where appropriate.</li> <li>Internal Audit has also provided training to the Corporate Leadership Team and Heads of Service on risk, control and the three lines of defence.</li> </ul>	<p>Opportunity for IA to improve alignment between IA and risk management following implementation of the new risk management framework.</p>
2.2	<p>Supporting the development of governance arrangements and an ethical culture, for example:</p> <ul style="list-style-type: none"> <li>An annual audit of the Council's culture and ethical governance arrangements.</li> <li>Establishing an assurance board chaired by the Chief Executive with IA membership to focus on new and emerging issues that could impact on the Council's control environment.</li> <li>IA delivery of training and guidance on controls and control environments.</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit is not currently involved in supporting the development of the Council's governance arrangements.</li> <li>There have been no audits of culture included in recent Internal Audit annual plans.</li> <li>The Corporate Leadership Team Committee is the established forum to discuss any new and emerging risks; assurance findings and issues that could impact on the Council's control environment.</li> <li>Internal Audit has designed and delivered training to the Corporate Leadership Team on risk, controls, and the three lines of defence and is planning to deliver monthly council wide training on these areas.</li> </ul>	<p>Potential for inclusion of a specific risk culture and ethics review in the 2020/21 Internal Audit annual plan.</p>
2.3	<p>Supporting the development of an effective audit committee, for example a review of the effectiveness of the Audit Committee.</p>	<ul style="list-style-type: none"> <li>Training has been provided to members of the Governance, Risk and Best Value Committee covering risk management, and internal and external audit. Further training is currently being scheduled following a recent change in a number of committee members.</li> <li>A new committee member e mail has also been prepared that provides the member with details on the role and</li> </ul>	<p>Potential for a review of Governance, Risk, and Best Value Committee effectiveness with support from Internal Audit.</p>

## Appendix 2 - Comparison of CIPFA good practice examples with current Council practices

Ref	CIPFA Good Practice Examples	Approach at City of Edinburgh Council	Areas for Improvement
		responsibilities of internal audit and links to relevant documentation.	
2.4	Advising on the terms of reference of the audit committee and its role within the authority to ensure it remains aligned with good practice and delivering training to audit committee members.	<ul style="list-style-type: none"> <li>Internal Audit has not yet been involved in review of the Governance, Risk, and Best Value Committee terms of reference.</li> <li>Internal Audit has established induction and training procedures to support new committee members as detailed at 2.3 above.</li> </ul>	<p>Potential to include Internal Audit in the next planned review of Governance, Risk and Best Value Committee terms of reference.</p> <p>This could potentially be linked with a review or committee effectiveness as highlighted at 2.3 above.</p>
2.5	Providing advice and assurance on new developments	With the exception of the Tram and Enterprise Resource Planning projects, Internal audit is not currently engaged to provide assurance on new strategic developments to provide guidance and challenge (where appropriate) on the associated risks, and the design of the governance frameworks and controls that would be required to support them.	Potential for Internal Audit to be engaged in any planned significant organisational strategic and operational changes to provide assurance in relation to the proposals.
<p><b>Principle 3: The head of internal audit (HIA) must be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee.</b></p>			
3.1	<p>Developing effective working relationships between the chief executive and the head of internal audit, for example:</p> <ul style="list-style-type: none"> <li>Working directly with the Chief Executive on a range of governance and internal control issues, with Internal Audit providing advice when required.</li> </ul>	<ul style="list-style-type: none"> <li>The Chief Internal Auditor reports through the Head of Legal and Risk to the Executive Director of Resources and the Chief Executive, with an independent reporting line to the Chief Executive and GRBV. This is specified in the Internal Audit charter that is refreshed and approved annually by the GRBV committee.</li> <li>Internal audit also has right of access to all employees and all documentation within the Council. This is also detailed in the Internal Audit charter.</li> </ul>	None.

## Appendix 2 - Comparison of CIPFA good practice examples with current Council practices

Ref	CIPFA Good Practice Examples	Approach at City of Edinburgh Council	Areas for Improvement
	<ul style="list-style-type: none"> <li>Quarterly one to ones with the Chief Executive to discuss new and emerging issues.</li> <li>Meetings between the Chief Executive and the whole Internal Audit team to ensure that IA remains informed of the organisation's strategic direction and key issues.</li> </ul>	<ul style="list-style-type: none"> <li>Regular one to one meetings are held between the Chief Executive and the Chief Internal Auditor.</li> </ul>	
3.2	<p>Establishing regular and open engagement with the leadership team, for example:</p> <ul style="list-style-type: none"> <li>The head of internal audit is a member of the council's assurance board that meets monthly to review the council's risk register, governance framework (including the annual governance statement) and the operation of its control environment.</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit regularly attends the Corporate Leadership Team to present updates on progress with delivery of the IA annual plan; the outcomes of completed audit reviews; and the position on open and overdue internal audit findings.</li> <li>The Chief Internal Auditor also attends the Corporate Leadership Team and Directorate Risk and Assurance Committees and has separate one to one meetings with Executive Directors and Heads of Service when required.</li> </ul>	None.
<p><b>Principle 4: The head of internal audit (HIA) must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively.</b></p>			
4.1	<p>Collaborative working arrangements between authorities for internal audit to address resource shortages, share skills effectively and support councils to achieve efficiency targets whilst maintaining high</p>	<ul style="list-style-type: none"> <li>The adequacy of Internal Audit resources to support plan delivery is considered when preparing the IA annual plan and routinely monitored throughout the year.</li> <li>IA resources are further augmented by the existing co source arrangement with PwC that enables IA to draw down resources to support delivery of the plan as required.</li> </ul>	None.

## Appendix 2 - Comparison of CIPFA good practice examples with current Council practices

Ref	CIPFA Good Practice Examples	Approach at City of Edinburgh Council	Areas for Improvement
	<p>quality internal audit delivery. For example:</p> <ul style="list-style-type: none"> <li>• Completion of joint reviews</li> <li>• Sharing terms of reference and audit programmes</li> <li>• Developing common approaches to support the audit committee</li> </ul>	<ul style="list-style-type: none"> <li>• The Chief Internal Auditor is a member of the Scottish Local Authority Chief Internal Auditor Group (SLACIAG) that seeks to share good practice and develop collaborative working.</li> <li>• The Chief Internal Auditor is also working collaboratively with the Glasgow City Council Internal Audit team with a view to developing a joint approach in relation to technology based reviews.</li> <li>• The Chief Internal Auditor also works collaboratively with the Head of Internal Audit for NHS Lothian in relation to planned Edinburgh Integration Joint Board and Health and Social Care reviews.</li> </ul>	
4.2	<p>Developing the internal audit team, for example:</p> <ul style="list-style-type: none"> <li>• Delivery of 'soft skills' training</li> <li>• Ongoing professional development to maintain technical knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• A significant proportion of the Internal Audit team are professionally qualified and require to meet the continuous professional development requirements of their relevant professional bodies. This is largely achieved by attending 'free' courses provided by the relevant professional bodies.</li> <li>• Each member of the Internal Audit team attends the Scottish Institute of Internal Audit annual conference once every three years, with details of conference presentations shared across the team.</li> <li>• A number of team members who are currently studying for their professional qualifications have successfully obtained support from the Council's Further and higher education scheme to fund their studies.</li> </ul>	None.

## Appendix 2 - Comparison of CIPFA good practice examples with current Council practices

Ref	CIPFA Good Practice Examples	Approach at City of Edinburgh Council	Areas for Improvement
		<ul style="list-style-type: none"> <li>• IA regularly attends the 'lunch and learn' sessions hosted by Finance to help develop their knowledge and understanding of the Council.</li> <li>• IA also attends any relevant training designed and delivered by SLACIAG which normally delivered at a reduced rate.</li> <li>• An essential learning programme has been prepared for each member of the IA team and completion is included in team performance objectives. This uses the training resources currently available within the Council to ensure the team remain up to date with applicable legislation, relevant Council policies, and guidance.</li> <li>• The IA team is also actively encouraged to use LinkedIn as a professional development tool as a number of interesting technical articles are published there by CIPFA, professional accountancy firms, the Institute of Internal Auditors and IA professionals. A number of helpful soft skills and leadership articles are also available via the LinkedIn forum.</li> </ul>	
4.3	<p>Output-focussed, quality assurance and improvement programme, for example:</p> <ul style="list-style-type: none"> <li>• Setting personal goals and objectives for each team member to support delivery of the annual plan</li> <li>• Ongoing review of auditor performance</li> <li>• Reporting performance</li> </ul>	<ul style="list-style-type: none"> <li>• A set of standard objectives has been designed for each role level within the IA team. These are supplemented by personal objectives and areas where further development for each individual team member is required.</li> <li>• Monthly meetings are held between line managers and team members to discuss their ongoing performance against objective. Importantly, upward feedback is also encouraged at these meetings.</li> </ul>	None.

## Appendix 2 - Comparison of CIPFA good practice examples with current Council practices

Ref	CIPFA Good Practice Examples	Approach at City of Edinburgh Council	Areas for Improvement
	<ul style="list-style-type: none"> <li>Use of client satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>IA has now designed an implemented a dashboard that monitors progress with delivery of the plan by IA and divisions / directorates in comparison to the key performance indicators approved by the CLT and GRBV in January 2019. This dashboard was implemented at the start of the 2019/20 plan year.</li> <li>A client survey feedback form has been designed in the IA system but cannot be implemented until completion of the laptop refresh project across the Council as it was not compatible with the previous version of Internet Explorer. Once implemented, the IA system will consolidate the survey results for inclusion in reporting to both CLT and GRBV.</li> </ul>	
<b>Principle 5: The head of internal audit (HIA) must be professionally qualified and suitably experienced</b>			
5.1	Developing the head of internal audit's experience and expertise, for example, <ul style="list-style-type: none"> <li>Attending continuous professional development events</li> <li>Local Head of Internal Audit networking groups</li> <li>Undertaking professional volunteering</li> </ul>	<ul style="list-style-type: none"> <li>The current Chief Internal Auditor is a qualified Chartered Accountant (member of the Institute of Chartered Accountants Scotland); and affiliate member of the Institute of Internal Auditors and a member of the Chartered Institute of Management.</li> <li>The CIA attends local head of audit networking groups (SLACIAG and the Institute of Internal Auditors Head of Audit forum).</li> </ul>	None.