

**Internal Audit Service – Update on Shared Internal Audit Service
between Midlothian and East Lothian Councils**

Report by Kevin Anderson, Executive Director Place

Report for Information

1 Recommendations

Audit Committee are recommended to note that the Shared Internal Audit Service between Midlothian and East Lothian Councils is now formally agreed and has commenced.

2 Purpose of Report/Executive Summary

This report advises Audit Committee that Midlothian Council and East Lothian Council have now established a shared Internal Audit Service and is anticipated to be in place for a minimum 18 month period.

Date: Thursday 26 January 2023

Report Contact:

Kevin Anderson, Executive Director Place

Kevin.Anderson@midlothian.gov.uk

3 Background/Main Body of Report

- 3.1** At its meeting of 27 September 2022, Audit Committee were presented with a report providing detail of the Council's interim internal audit arrangements and the work that was ongoing to develop a shared service with East Lothian Council.
- 3.2** On 4 January 2023, the shared Internal Audit Service commenced between Midlothian Council and East Lothian Council. The shared service is led by East Lothian's Service Manager – Internal Audit (Duncan Stainbank) and is anticipated to be in place for a minimum 18 month period (subject to regular review).
- 3.3** The shared service supports both Councils and Integrated Joint Board. The service is working to align audit plans for all bodies and further information on the audit forward work plan is also on today's agenda.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

Financial implications of the shared service are being met from existing budgets.

4.2 Digital

None

4.3 Risk

There is significant risk to the Council of not having a robust and effective audit arrangement.

4.4 Ensuring Equalities (if required a separate IIA must be completed)

None

4.4 Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications

Appendix B – Background information/Links

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Taking steps to maintain the resilience, capability and effectiveness of Internal Audit services is necessary to support the delivery of the priorities of Single Midlothian Plan.

A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

A.4 Delivering Best Value

Maintaining an effective internal audit service and the relevance of the audit plan is an important aspect on delivering best value.

A.5 Involving Communities and Other Stakeholders

Engagement took place between both Councils as part of developing the agreement.

A.6 Impact on Performance and Outcomes

An effective internal audit service will support continuous improvement across all Council service and in its governance arrangements and the Council's business processes.

A.7 Adopting a Preventative Approach

Internal audit provides an important line of defence in reducing risk, fraud and error.

A.8 Supporting Sustainable Development

Not applicable

APPENDIX B

Background Papers/Resource Links (insert applicable papers/links)

Internal Audit Service report- Audit Committee, 27 September 2022