

Public Sector Internal Audit Standards (PSIAS) Report by Internal Audit Manager

1 Purpose of Report

To review and update the Internal Audit Charter and present the updated charter for Audit Committee approval.

2 Background

2.1 In April 2013 a new United Kingdom Public Sector Internal Audit Standard (PSIAS) came into force and applies across the whole of the public sector. The PSIAS are based on the Institute of Internal Auditors (IIA) Standards, with a limited number of additional requirements and interpretations that allow the PSIAS to be adapted for the public sector.

2.2 Midlothian Council Internal Audit section has developed an Audit Charter based upon the new standards and this was originally submitted and approved by the Audit Committee on 18th June 2013.

2.3 One of the standards (2060) requires that Internal Audit periodically report to the Audit Committee on the Internal Audit Activity's purpose, authority and responsibilities. This is detailed within the Audit Charter and therefore a review was undertaken of this Charter and a revised version prepared for submission and approval of the Audit Committee.

3 Report Implications

The following alterations have been made to the existing Charter:

- updated to reflect the fact that Internal Audit now reports structurally to the Chief Executive (previously this was to the Head of Finance and Integrated Service Support); and
- noted that Midlothian Council Internal Audit will participate in the Scottish Local Authority Chief Internal Audit Group scheme for external inspections (as approved by the 18 March 2014 Audit Committee).

3.1 Resource

There are no direct resource implications arising out of this report.

3.2 Risk

The PSIAS require Internal Audit to evaluate the effectiveness of the Council's Risk Management arrangements and contribute to improvements in the process.

3.3 **Single Midlothian Plan and Business Transformation**

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

3.4 **Key Priorities within the Single Midlothian Plan**

This report does not relate directly to the key priorities within the Single Midlothian Plan.

3.5 **Impact on Performance and Outcomes**

Applying the framework of the PSIAS will give the Audit Committee assurance that the Internal Audit Service is keeping up to date with legislative requirements and current best practice.

3.6 **Adopting a Preventative Approach**

The PSIAS are applicable from 1 April 2013 which means the Internal Audit Service has taken steps to be fully compliant.

3.7 **Involving Communities and Other Stakeholders**

There are no Communities or other stakeholder issues with regard to this report.

3.8 **Ensuring Equalities**

There are no equalities issues with regard to this report.

3.9 **Supporting Sustainable Development**

There are no sustainability issues with regard to this report.

3.10 **IT Issues**

There are no IT issues with regard to this report.

4 **Summary**

The Audit Charter has been updated to reflect Internal Audit's revised reporting lines and participation in the Scottish Local Authorities Chief Internal Auditor Group scheme for external inspections over the level of compliance with the Public Sector Internal Audit Standards.

5 **Recommendations**

The Audit Committee is invited to:

- 5.1 note the changes outlined in this report that have given rise to the revision of the Charter; and
- 5.2 approve the revised Internal Audit Charter shown at Appendix 1

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Background Papers:

Appendix 1 – Midlothian Council Internal Audit Charter

Declaration Box

Instructions: This box must be completed by the author of the report. The box will be copied and saved by the Council Secretariat who will delete it from the report prior to photocopying the agenda.

Title of Report: Public Sector Internal Audit Standards (PSIAS)

Meeting Presented to: Audit Committee

Author of Report: Graham Herbert

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Human Resources.*
- All risk implications have been addressed.*
- All other report implications have been addressed.*
- My Director has endorsed the report for submission to the Council Secretariat.*

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.

Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.