

Self Assessment of the Internal Audit Section against the Public Sector Internal Audit Standards

Report by Graham Herbert, Internal Audit Manager

1 Purpose of Report

The purpose of this Report is to provide to the Audit Committee the results of a self evaluation by the Internal Audit Manager on the level of compliance by Midlothian Council's Internal Audit Section against the Public Sector Internal Audit Standards.

2 Background

- 2.1 The Public Sector Internal Audit Standards require ongoing monitoring of the performance of the Internal Audit activity and periodic self-assessments to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards.
- 2.2 External assessments must be conducted every five years by a qualified, independent assessor or assessment team from outside the organisation. Midlothian is to participate in the Scottish Local Authority Chief Internal Audit Group (SLACIAG) inspection arrangements with the first external assessment due to take place in 2016/17.
- 2.3 SLACIAG has prepared a detailed checklist to allow Council Audit teams to self assess their performance against the new standard and the results of this assessment are shown at **Appendix 1**.

3 Findings

- 3.1 Our assessment found that the key elements of the Standards were complied with by Internal Audit during the year. We have identified a small number of areas where performance could be improved and these are noted in **Appendix 2**. We do not however believe that these are significantly material to require comment in the Annual Governance Statement (AGS).

4 Report Implications

4.1 Resource

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

4.2 Risk

There are no risks identified as part of this report as the Internal Audit Section was found to be compliant with the main elements of the Standards.

4.3 **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

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

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

4.5 **Impact on Performance and Outcomes**

This report provides assurance that the Internal Audit Section is complying with the major requirements of the Standards.

4.6 **Adopting a Preventative Approach**

The self assessment reduces the risk of non compliance against the Standards and allows the Internal Audit Section to provide a more effective service to the Council and Council Service users.

4.7 **Involving Communities and Other Stakeholders**

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

4.8 **Ensuring Equalities**

There are no equalities issues with regard to this report.

4.9 **Supporting Sustainable Development**

There are no sustainability issues with regard to this report.

4.10 **IT Issues**

There are no IT issues with regard to this report.

5 **Summary**

The Internal Audit Manager has concluded that there is an adequate level of compliance against the Public Sector Internal Audit Standards. This will be subject to external validation in 2016/17.

6 **Recommendations**

The Audit Committee is invited to note:

- the results of the self assessment;
- the areas for development; and
- that the Internal Audit Section will be subject to an external assessment in 2016/17.

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Appendices:

Appendix 1 – SLACIAG Checklist

Appendix 2 – Action plan