

**Audit Charter
Report by the Internal Audit Manager****1 Purpose of Report**

The Public Sector Internal Audit Standards require the Internal Audit Manager to present the Internal Audit Charter to the Corporate Management Team and Audit Committee following any updates made to the Charter.

2 Background

2.1 The Public Sector Internal Audit Standards (PSIAS) apply across the whole of the public sector. The PSIAS are based on the Institute of Internal Auditors 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 18 June 2013.

2.3 A small number of adjustments have been made to the Charter following the annual assessment of the Charter by the Internal Audit Manager.

3 Report Implications

The following alterations have been made to the existing Charter:

- to record the Fraud Officer role within the Internal Audit Section;
- to record Midlothian Council Internal Audit section responsibilities in relation to the Integrated Joint Board; and
- to add a new section in relation to the Mission Statement and Core Principles following a recommendation from the Internal Audit Standards Advisory Board. (This has not as yet been formally adopted into the PSIAS but is expected to be).

3.1 Resource

There are resource implications for the Internal Audit Section with taking on the audit responsibilities for the Integrated Joint Board.

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 a small number of changes following an assessment.

5 Recommendations

The Audit Committee is invited to:

- note the changes outlined in this report;
- note that Internal Audit will re-submit the Charter should the additional Mission Statement and Core Principles not be included within the PSIAS; and
- approve the revised Internal Audit Charter shown at Appendix 1.

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Background Papers:

Appendix 1 – Midlothian Council Internal Audit Charter