

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 25 September 2013

Subject: Internal Audit Charter and Public Sector Internal Audit Standards (PSIAS) Update

1. Purpose

- 1.1** The purpose of this report is to provide the Committee with:
- an updated version of the Audit Charter previously submitted to the meeting on 22 May 2013; and
 - information relating to a self-assessment checklist completed in relation to the level of compliance with the Public Sector Internal Audit Standards (PSIAS) by the Council's Internal Audit Section.

2. Recommendations

- 2.1** It is recommended that Members approve the revised Internal Audit Charter.

3. Background

- 3.1** At the meeting of the Audit & Performance Review Committee on 22 May 2013 it was agreed:

(1) to approve the revised Internal Audit Charter subject to a report being submitted to the next meeting of the Committee on progress with the Charter which would allow any minor adjustments to be incorporated to the Charter, as necessary; and

(2) that the report, referred to at (1) above, should provide more detail in respect of partnership agreements with the various bodies mentioned.

4. Main Issues

- 4.1** The authority for the operation of the Internal Audit Section is contained within the Council's Financial Regulations. The Internal Audit Charter provides further information on the detailed arrangements on how Internal Audit effectively discharges its role and provides the necessary annual assurance assessment to Council.
- 4.2** The Internal Audit Charter reflects the requirements of the PSIAS with minor adjustments made following feedback from the Audit & Performance Review Committee on 22 May 2013. The revised version is attached at Appendix A.

- 4.3** At paragraph 5.2 of the Audit Charter reference is made to Internal Audit's remit covering other related bodies. Further information on this provided at Appendix B.
- 4.4** A self-assessment checklist provided by CIPFA has been completed by Internal Audit management in relation to the level of compliance with the PSIAS by the Council's Internal Audit Section. This has identified that current practice is mainly compliant against the requirements of the PSIAS, while identifying some areas for improvement. These areas for improvement are detailed within the action plan attached Appendix C.
- 4.5** The Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) discussed the requirements of the PSIAS external assessment process at its most recent quarterly meeting on 30 August 2013. At this meeting it was agreed that SLACIAG will develop a framework for an external assessment process which will give internal audit sections within Councils the opportunity to carry out a self-assessment which will be externally validated by the internal audit section of another Council. It is anticipated that further information on the proposed process will be provided at the next Audit & Performance Review Committee meeting.

5. People Implications

- 5.1** There are no personnel issues.

6. Financial Implications

- 6.1** There are no financial implications.

7. Risk Analysis

- 7.1** The aim of the Internal Audit Section is to help the Council discharge its responsibilities and achieve its objectives by systematically reviewing how well it manages its risks and operates internal control and governance procedures. Compliance with the PSIAS, including the preparation of an updated Internal Audit Charter, reduces the risk that Internal Audit may be diverted from its key purposes as the Charter clearly identifies the role and objectives, authority, scope, responsibility, resources and reporting function of Internal Audit.

8. Equalities Impact Assessment (EIA)

- 8.1** There are no issues identified.

9. Consultation

9.1 This report has been subject to consultation with Legal, Democratic & Regulatory Services.

10. Strategic Assessment

10.1 This report relates to all five of the Council's Strategic Priorities.

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Date: 2 September 2013

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Appendices: A – Internal Audit Charter
B – Further information on partnership agreements
C – PSIAS Improvement Actions

Background Papers: Report to Audit and Performance Review
Committee on 22 May 2013 (Internal Audit Charter)

Public Sector Internal Audit Standards

Wards Affected: All Wards