

AUDIT COMMITTEE – 11 JUNE 2013

INTERNAL AUDIT ANNUAL REPORT 2012/13

Report of the: Chief Executive Designate

Status: For Consideration

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager, Financial Services – Adrian Rowbotham

Recommendation: It be RESOLVED that Members;

- a) approve the work of the Internal Audit Team for 2012/13; and
 - b) support the Audit Manager's Annual Assurance opinion that the Council had effective internal controls and governance arrangements in place for delivering its objectives and the management of its business risks.
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Introduction

- 1 This report sets out the achievements of the Internal Audit team in delivering the assurance requirements for the period April 2012 to March 2013. This is the first report of its kind to the new Audit Committee and is in compliance with the committee's terms of reference remind, to review and support the work of Internal Audit in delivering the assurance requirement for the Council.
- 2 The report is prepared in compliance with the Accounts and Audit Regulations 2011, and professional guidance issued by CIPFA. The report also took account of the outcome of the review of the effectiveness of the internal audit function which is attached as a separate agenda item for this meeting. Members may note that this report also supports the Council's Annual Governance Statement (AGS) which will be taken to the next meeting of the committee with the Council's Financial Statements in September 2013.

Summary of Issues Raised Within the Report

- 3 Details of the activities of the team during the year 2012/13 are attached as an Appendix to this report. Annex 1 to the Appendix sets out details of the work done in completing the annual internal audit plan for 2012/13 and outcome of each review. Annex 2 details summaries of reports issued since the last meeting of this committee.
- 4 In 2012/13 the team completed 22 reviews. This is equivalent to 95.65% of the revised internal audit plan. The original plan consisted of 25 reviews. This was later revised to 23 reviews and Members agreed at the meeting in January 2013

to defer two reviews, for operational reasons. One of the deferred reviews was taken forward to the annual audit plan for 2013/14. The other was no longer necessary for assurance purposes and was dropped from the plan. Paragraph 35 of the Appendix sets out the summary of the team's performance indicators for 2012/13.

- 5 Based on the work completed in 2012/13 and other sources of assurance available to the team, the Audit Manager's overall annual assurance opinion is that the Council's arrangements for internal control, risk management governance and anti-fraud during the period is "effective" (see paragraph 4.1 in the Appendix) for regulatory purposes. This opinion will be taken into consideration during the preparation of the Annual Governance Statement which will go to the September meeting of the Audit Committee.
- 6 Details of the achievements of the team during the year is included in paragraphs 5 to 14 of the Appendix. Performance data outturn figures are set out on paragraphs 26 – 29 and, 35 -36 of the Appendix.
- 7 In summary, the overall impact of the report is that the team has performed well within its available resources and has met the objective of providing an adequate and effective internal audit and control framework for the Council during the year.

Audit Partnership with Dartford Borough Council

- 8 This is the third annual report following the shared services arrangement with Dartford Borough Council for the provision of a joint internal audit service. The audit service is based at Dartford Council and has operated well during the year. A joint Audit Charter and Audit Strategy were approved by the Performance and Governance Committee in November 2011. These will be reviewed to take account of the new Auditing Standards which came into effect in April 2013. A presentation on the new standards will be delivered at as part of the agenda for this meeting.

Key Implications

Financial

- 9 This report has no financial implications.

Community Impact and outcomes

- 10 An effective internal audit function provides assurance that the Council has an adequate control environment in place, which is essential for the delivery of services and good value for money.

Legal, Human Rights etc.

- 11 This report has no additional legal implications

Resource (non-financial)

12 Not applicable.

Value for Money and Asset Management

13 A robust internal audit function enables the Council's external auditors to place reliance on the work of internal audit, thus limiting the amount of external audit days that will be charged to the Council.

Equality

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Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Sustainability Checklist

15 Not applicable.

Conclusions

16 The report sets out the achievements of the Internal Audit Team for the period 2012/013, and includes that the Council had "effective" internal control, risk management framework, governance and Anti-Fraud arrangements in place during the period, based on the work completed by Internal Audit during the year and other available sources of assurance. This Committee is requested to approve the report and support the assurance opinion for the year.

Risk Assessment Statement

- 17 The Council is required to comply with the requirements of the Accounts and Audit Regulations 2011, regarding its arrangements to ensure it has sound systems of internal control, governance and risk management processes in place. This report indicates that the Council has adequate and effective arrangements in place which meets relevant statutory and regulatory requirements.

Appendices

Appendix A – Internal Audit Annual Report 2012/13

Appendix B – Internal Audit Annual Plan 2013/14

Background Papers

Accounts and Audit Regulations 2011

CIPFA Code of Practice for Internal Audit in Local Government (2006)

Annual Internal Audit Plan 2012/13

Contact Officer(s):

Bami Cole Ext. No. 7236

Dr. Pav Ramewal
Chief Executive Designate