

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – 10 September 2013

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

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

Portfolio Holder Cllr. Ramsay

Contact Officer(s) Bami Cole, ext.7236

Recommendation to Audit Committee: It be RESOLVED that Members:

Note the contents of the report and the progress made by the audit team in delivering the 2013/14 Annual Internal Audit Plan

Reason for recommendation: The Audit Committee is required to review the progress of the Internal Audit Plan in compliance with its terms of reference.

Introduction and Background

- 1 This report provides details of the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan 2013/14 and outcomes of final internal audit reports issued since the meeting of the committee in June 2013. This is the first progress report sent to the Audit Committee since its formation in May 2013.
- 2 The internal audit function is a key process of the Council's overall governance arrangements. Its key purpose is to conduct independent reviews of the Council's system of internal controls and to provide an assurance to both senior management and Members regarding the effectiveness of such systems. In fulfilling his duty and responsibilities, the Audit Manager, is required to report to Members on the progress made in delivering the internal audit plan in meeting the Council's assurance requirements, in accordance with relevant professional standards.

Summary of Issues Raised Within the Report:

- 3 A summary of progress made towards delivering the assurance requirements for 2013/14 is attached as Appendix A to this report, which sets out details of the reviews agreed initially by the Performance and Governance Committee, in April 2013; and subsequently endorsed by this committee in June 2013. Members may note that three planned reviews have been finalised to date, with a further five

shown as work in progress. Thus to date, a total of eight reviews have either been completed, or have commenced from this year's annual plan. This is equivalent to 34% of the annual internal audit plan for 2013/14. Given the relatively late start in commencing work on the 2013/14 annual plan, steady progress have been made and we expect to deliver the plan to meet the assurance requirements for 2013/14.

- 4 Appendix B sets out details of the reports which were issued since the last meeting of this committee and provides a brief summary of the findings and recommendations agreed with service management, to address any areas for further improvements, required to strengthen internal control. Further details on any of the issues raised on the report summaries would be provided to members of this committee on request.

Internal Audit Resources

- 5 The joint Audit, Risk and Anti-fraud Team have continued to work productively this year towards achieving service objectives and have made good progress in delivering an effective service for both Dartford Borough Council and Sevenoaks District Council.

New Public Sector Internal Audit Standards

- 6 The Audit Committee was informed at the meeting on 11 June 2013 regarding the New Public Sector Internal Audit Standards which came into effect on 1 April 2013. All public sector internal audit functions are required to comply with the new standards. The committee was also advised of the steps the Council is taking to comply with the new standards. Following the meeting in June, management has acquired the Practice Notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on how the standards should be applied. The notes will be used to develop proposals on the appropriate steps the Council need to take in order to comply with the requirements of the new standards. This issue is set out in the Council's Annual Governance Statement 2012/13 and is Para 2.3 on the Governance Action Plan which is a separate item on the agenda for this meeting.

Key Implications

Financial

Not Applicable.

Legal Implications and Risk Assessment Statement.

No additional legal implication beyond the Council's duty to comply with the Accounts and Audit Regulations 2011.

The Council is required to comply with the requirements of the Accounts and Audit Regulations 2011, regarding its "arrangements to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The report indicates that the Council has effective arrangements in place and is taking steps to implement the requirements of the new Public Sector Internal Audit Standards.

Equality Impacts

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?		N/A

Conclusions

This report sets out progress of the Internal Audit Team in delivering the Council's assurance requirements for 2013/14 and provides a summary of final reports issued since the meeting of the Audit Committee in June 2013. No significant concerns have been identified in audit reviews to date. Where issues for further improvements have been identified, internal audit have agreed appropriate and timely actions to address such issues.

Appendices

Appendix A – Progress Against 2013/14 Plan

Appendix B - Summary of Final Reports Issued

Appendix C - Audit Opinions - Definitions

Background Papers: Internal Audit Annual Plan for 2013/14

New Public Sector Internal Audit Standards 2013
[<http://www.cipfa.org/-/media/Files/Publications/Standards/Public%20Sector%20Internal%20Audit%20Standards>]

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Accounts and Audit Regulations 2011
[<http://www.legislation.gov.uk/uksi/2011/817/contents/made>]

Adrian Rowbotham

Chief Finance Officer