

## **INTERNAL AUDIT ANNUAL REPORT 2013/14**

### **Audit Committee – 10 June 2014**

Report of the: Chief Finance Officer

Status: For Consideration

Key Decision: No

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

**Portfolio Holder** Cllr. Ramsay

**Contact Officer(s)** Bami Cole Ext. 7236

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### **Recommendation to Audit Committee:** That Members:

- a) approve the work of the Internal Audit Team for 2013/14; 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 2013 to March 2014. This is the second report of its kind to the new Audit Committee and is in compliance with the committee's terms of reference remit, 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 also be considered by this committee along with the Statements in June 2014.

### **Summary of Issues Raised Within the Report**

- 3 Details of the activities of the team during the year 2013/14 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 2013/14 and outcome of each review. Annex 2 details summaries of reports issued since the last meeting of this committee.
- 4 In 2013/14 the team completed 21 reviews. This is equivalent to 100% of the revised internal audit plan. The original plan consisted of 22 reviews. This was

later revised to 21 reviews and Members agreed at the meeting in January 2014 to defer one review, for operational reasons. The deferred review was taken forward to the annual audit plan for 2014/15. Paragraph 35 of the Appendix sets out the summary of the team's performance indicators for 2013/14.

- 5 Based on the work completed in 2013/14 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.
- 6 Details of the achievements of the team during the year are included in paragraphs 5 to 14 of the Appendix and outturn data for performance are set out on pages 7 to 11 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 fourth annual report following the shared services arrangement with Dartford Borough Council for the provision of a joint internal audit service. The audit service has operated well during the year and has produced a satisfactory level of assurance to both councils.

#### **Key Implications**

##### Financial

This report has no financial implications.

##### Legal Implications and Risk Assessment Statement

This report has no additional legal implications other than stated above. The report addresses the risk associated with non-compliance with Accounts and Audit 2011 and public Sector Audit Standards. It is management view that the relevant risks are effectively being managed.

##### Value for Money and Asset Management

A robust internal audit function contributes to the effective management of the Council and would help mitigate against poor value for money in service provision.

##### 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	No	

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
disadvantage or discriminate against different groups in the community?		
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

The report sets out the achievements of the Internal Audit Team for the period 2013/14, and concludes that the Council's arrangement for internal control, risk management, governance and anti-fraud are effective. This opinion is 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.

## Appendices

Appendix A – Internal Audit Annual Report 2013/14

## Background Papers:

[The Accounts and Audit \(England\) Regulations 2011](#)

[Public Sector Internal Audit Standards](#)

[Annual Internal Audit Plan 2013/14](#)

**Adrian Rowbotham**  
**Chief Finance Officer**