

INTERNAL AUDIT ANNUAL REPORT 2015/16

Audit Committee - 30 June 2016

Report of the: Chief Finance Officer

Status: For Consideration

Key Decision: No

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

Portfolio Holder Cllr. Searles

Contact Officer(s) Bami Cole Ext. 7174

Recommendation to Audit Committee: That Members:

- a) note the work of the Internal Audit Team for 2015/16; and
 - b) support the Audit Manager's Annual Assurance opinion that the Council had effective internal controls, risk management and governance arrangements in place for delivering its objectives and the management of its business risks.
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Introduction & Background

- 1 This report sets out the achievements of the Internal Audit team in delivering the assurance requirements for the period April 2015 to March 2016. This is the fourth report of its kind to the 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 2015, 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 in June 2016.

Summary of Issues Raised Within the Report

- 3 Details of the activities of the team during the year 2015/16 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 2015/16 and Annex 2 lists the outcome of each review.

- 4 In 2015/16 the team completed 19 reviews. This is equivalent to 100% of the revised internal audit plan. The original plan consisted of 24 reviews. This was later revised to 19 reviews to reflect changes in assurance requirements. This was approved by Members at the meeting in January 2016. The five reviews deferred were carried forward and included in the Annual Internal Audit Plan for 2016/17. Paragraph 35 of the attached Appendix sets out the summary of the team's performance indicators for 2015/16.
- 5 Based on the work completed in 2015/16 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 on page 4 of the Appendix) for regulatory purposes. This opinion will be taken into consideration during the preparation of the Annual Governance Statement.
- 6 Details of the activities of the team during the year are included in paragraphs 5 to 22 of the Appendix and outturn data for performance are set out on pages 8 to 14 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 sixth 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

9. This report has no financial implications.

Legal Implications and Risk Assessment Statement

10. This report has no additional legal implications other than stated above. The report addresses the risk associated with non-compliance with the Accounts and Audit 2015 and the Public Sector Audit Standards. It is management view that the relevant risks are effectively being managed.
11. 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 Assessment

12. The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

13. The report sets out the achievements of the Internal Audit Team for the period 2015/16, 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 2015/16

Background Papers:

The Accounts and Audit (England) Regulations 2015

[Public Sector Internal Audit Standards](#)

[Annual Internal Audit Plan 2015/16](#)

Adrian Rowbotham
Chief Finance Officer