

INTERNAL AUDIT ANNUAL REPORT 2016/17

Audit Committee - 13 June 2017

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. Scholey

Contact Officer(s) Lisa Nyon 01322 343434

Recommendation to Audit Committee: That Members:

- a) note the work of the Internal Audit Team for 2016/17; and
- b) support the Principal Auditors 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.

Introduction & Background

- 1 This report sets out the achievements of the Internal Audit team in delivering the assurance requirements for the period April 2016 to March 2017. This is in compliance with the Audit Committee's terms of reference, 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 2017.

Summary of Issues Raised Within the Report

- 3 Details of the activities of the team during the year 2016/17 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 2016/17 and Annex 2 lists the outcome of each review.

- 4 In 2016/17, the team completed 21 reviews. This is equivalent to 100% of the revised internal audit plan. The original plan consisted of 29 reviews. This was later revised to 21 reviews to reflect changes in staffing resources. This was approved by Members at the Audit Committee meeting in January 2016. Paragraph 36 of the attached Appendix sets out the summary of the team's performance indicators for 2016/17.
- 5 Based on the work completed in 2016/17 and other sources of assurance available to the team, the Principal Auditor'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 7 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 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

- 7 The audit team operates as a 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 the Accounts and Audit 2015 and the Public Sector Audit Standards. It is management's view that the relevant risks are effectively being managed.

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

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

The report sets out the achievements of the Internal Audit Team for the period 2016/17, and concludes that the Council's arrangements for internal control, risk management 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 2016/17

Background Papers:

[The Accounts and Audit \(England\) Regulations 2015](#)

[Public Sector Internal Audit Standards](#)

[Annual Internal Audit Plan 2016/17](#)

Adrian Rowbotham
Chief Finance Officer