

INTERNAL AUDIT SERVICE UPDATE

Finance Advisory Committee - 14 November 2017

Report of Chief Finance Officer

Status For consideration

Key Decision No

Executive Summary:

This is an informative report aimed at giving Members an update on the Internal Audit Service.

Portfolio Holder Cllr. John Scholey

Contact Officer Lisa Nyon, Ext. 3004

Recommendation to Finance Advisory Committee: That the report be noted.

Introduction

- 1 The audit team has worked in partnership with Dartford Borough Council since 2010. The team consists of a Principal Auditor, 4 Senior Auditors (one of which is on a temporary contract until the end of December 2017) and a part-time Audit Administrator. The team is currently under resourced due to the absence of an Audit Manager and a Trainee Auditor. Despite the challenges faced during the last year, the team have responded positively which has led to a more productive output and faster turnaround time for audit reporting.
- 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.
- 3 The team's objectives are:
 - Evaluate the effectiveness of governance, risk management and internal control processes for both authorities;
 - Provide advice and guidance on internal controls, governance and risk management throughout the Council;

- Annually provide an opinion to the Chief Executive, External Audit and Audit Committee on the adequacy of the Internal Control Framework within the Council;
- Deliver the annual audit plan; and
- Building good relationships with our Customers.

Service Update

- 4 A summary of progress made towards delivering the assurance requirements for 2017/18 is attached as Appendix A to this report, which sets out details of the reviews agreed by the Audit Committee in April 2017. Members may note that fourteen reviews have commenced, eight have been finalised and the remaining six are in progress.

Internal Audit Resources

- 5 The Audit, Risk and Anti-Fraud Manager post has been vacant since June 2017 and as a result, the Principal Auditor has stepped up into the role of Acting Audit Manager as well as fulfilling her duties as Principal Auditor. There remains a Trainee Auditor vacancy within the team due to a resignation last year, however this, is being filled by a member of staff on a temporary contract. There are 2.8 permanent members of the audit team with support provided by an administrative assistant. Despite this and as Appendix A shows we are in a better position than we were this time last year with regards to delivery of the Audit Plan.

Current Developments

- 6 A notable achievement is that the audit team was awarded the “Top Team Award” by the Strategic Management Team back in July 2017. This was as a result of the Audit Team’s resilience and improved performance under difficult and challenging circumstances as well as improving customer service.
- 7 PwC completed a review of the Internal Audit function in 2014 as part of the Public Sector Internal Audit Standards (PSIAS) requirements. It was agreed that a follow up review would be completed to see what progress has been made. The follow up review is currently taking place and after that has been completed, decisions will be made as to how the current vacant posts are filled. Any recommendations and action plan coming out of this will be shared with the Audit Committee.
- 8 Members may be pleased to note that the recently implemented TeamMate electronic audit management software is progressing well and all audits for the year 2017/18 are being recorded and completed using this software.

Key Implications

Financial

There are no financial implications

Legal Implications and Risk Assessment Statement

There are no legal implications

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.

Appendices: Appendix A

Background Papers: None

Adrian Rowbotham

Chief Finance Officer