

INTERNAL AUDIT ANNUAL REPORT 2011/12

Performance and Governance Committee – 12 June 2012

Report of the: Director Of Corporate Resources

Status: For Consideration

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

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager, Financial Services – Adrian Rowbotham

Recommendation: It be RESOLVED that Members;

- a) approve the work of the Internal Audit Team for 2011/12; 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 during the period April 2011 to March 2012. The Performance and Governance Committee is required to review and support the work of Internal Audit as part of its terms of reference.
- 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 is also attached as a separate item to the agenda for this meeting.

Summary of Issues Raised Within the Report

- 3 Details of the activities of the team during the year 2011/12 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 2011/12 and outcome of each review. Annex 2 details summaries of reports issued since the last meeting of this committee.
- 4 In 2011/12 the team completed 22 reviews. This is equivalent to 100% of the revised internal audit plan. The original plan consisted of 25 reviews. This was

later revised to 22 reviews and Members agreed at the meeting in January 2012 to defer 3 reviews, for operational reasons, which have been taken forward into the annual audit plan for 2012/13. Paragraph 35 of the Appendix sets out the summary of the team's performance indicators for 2011/12.

- 5 Based on the work completed in 2011/12 the Audit Manager's overall annual assurance opinion is that the Council's arrangements for internal control, governance, anti-fraud and risk management during the period is "**satisfactory**" and therefore is considered to be effective, (see paragraph 4.1 in the Appendix) for regulatory purposes. This opinion was taken into consideration during the preparation of the Annual Governance Statement which is dealt with under a separate item in the agenda.
- 6 Details of the achievements of the team during the year is included in paragraphs 5 to 14 of the Appendix. Performance data outturn figures are set out on paragraphs 27 – 29 and, 35 -36 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 control framework for the Council during the year.

Audit Partnership with Dartford Borough Council

- 8 This is the second annual report following the shared services arrangement with Dartford Borough Council for the provision of a joint internal audit service. The audit service is based at Dartford Council and has operated well during the year. A joint Audit Charter and Audit Strategy were approved by the Performance and Governance Committee in November 2011. During the year, all auditors from both councils were given the opportunity to experience working at both Councils and have contributed to developing best practices from this experience, thus facilitating a more effective assurance process.

Key Implications

Financial

- 8 This report has no financial implications.

Community Impact and outcomes

- 9 An effective internal audit function provides assurance that the Council has an adequate control environment in place, which is essential for the delivery of services.

Legal, Human Rights etc.

- 10 This report has no additional legal implications

Resource (non-financial)

11 Not applicable.

Value for Money and Asset Management

12 A robust internal audit function enables the Council's external auditors to place reliance on the work of internal audit, thus limiting the amount of external audit days that will be charged to the Council.

Equality

13 There are no additional equality implications for this report.

Sustainability Checklist

14 Not applicable.

Conclusions

15 The report sets out the achievements of the Internal Audit Team for the period 2011/012, and includes a satisfactory annual assurance opinion on the Council's internal control, governance and risk management framework, based on the work completed by Internal Audit during the year. This Committee is requested to approve the achievements of the Internal Audit and support the assurance opinion for the year.

Risk Assessment Statement

16 The Council is required to comply with the requirements of the Accounts and Audit Regulations 2011, regarding its arrangements to ensure it has sound systems of internal control, governance and risk management processes in place. This report indicates that the Council has adequate and effective arrangements in place which meets relevant statutory and regulatory requirements.

Sources of Information: Accounts and Audit Regulations 2011
CIPFA Code of Practice for Internal Audit in Local Government (2006)
Annual Internal audit Plan 2011/12

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