

# Internal Audit

## Tonbridge and Malling Internal Audit Section

### 1. What is Internal Audit?

The CIPFA definition of Internal Audit states:

Internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment <sup>(i)</sup> by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

<sup>(i)</sup>The control environment comprises the systems of governance, risk management and internal control. (CIPFA 2006)

### 2. What is the role of Internal Audit?



We have a statutory duty to provide the Authority with an internal audit service under the requirements of the Accounts and Audit Regulations 2003 (Amended 2006), which state in respect of Internal Audit that:

“A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control”

The statutory role is recognised and endorsed within the Council's Financial Rules, which authorise auditor access to officers, members, documents and records and which require information and explanation to be provided as necessary.

On a day to day basis, this means that the role and objectives of Internal Audit are to assist management in achieving corporate objectives by:

- Reviewing and assessing the soundness, adequacy and reliability of financial, management and performance systems and data, and the effectiveness of internal controls and providing an opinion on the adequacy of the systems and controls
- Alerting management to risk identified during reviews
- Ensuring compliance with legislation, Council policies and procedures
- Promoting and assisting the Council in the effective use of resources

- Where requested, undertaking investigations regarding fraud and irregularity in accordance with Council policies, procedures and relevant legislation

Internal audit is not confined to the review of just financial processes but has the freedom to review any council activity.

### 3. What's the difference between Internal and External Audit?

The principal role of External Audit (the Audit Commission) is to verify that the statutory accounts of the Council are accurate, that legal and corporate governance arrangements are adequate, that grants received from central government have been spent properly and that the Council's performance in delivering local services is effective. Internal Audit also has its basis in statute yet it considers a wider range of Services provided by the Council. Internal Audit looks at the key risks facing the Council and evaluates what is being done to manage those risks effectively. More recently Internal and External Audit has worked more closely and external audit regularly place reliance on internal audit work to ensure that resources are managed efficiently, economically and effectively.

### 4. Who are my internal auditors?

#### Meet the Audit Team

<p><b>David Buckley MIIA FMAAT MSc</b></p> <p>01732 876086  <a href="mailto:david.buckley@tmbc.gov.uk">david.buckley@tmbc.gov.uk</a></p>	<p><b>Chief Internal Auditor</b></p> <p>David started working in the London Borough of Croydon in 1972 in their Education Accounts Section and switched to Internal Audit with Lambeth in 1980. He has been Chief Internal Auditor in TMBC since 1996 and prior to that was Chief Internal Auditor at Sevenoaks for several years. He is a member of the Institute of Internal Auditors. He has also been awarded a post graduate diploma in audit as well as being a Master of Science in Audit Management and Consultancy. As part of his responsibility he is the manager of the Benefit Investigation Section and is an Accredited Counter Fraud Manager.</p>
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<p><b>Karla Etuate FMAAT MIIA ACCA</b></p> <p>01732 876085</p> <p><a href="mailto:karla.etuate@tmbc.gov.uk">karla.etuate@tmbc.gov.uk</a></p>	<p><b>Internal Audit Manager</b></p> <p>Karla Etuate joined TMBC in January 2003. Previously Karla worked in Internal Audit at Sevenoaks District Council. Karla is a fellow member of the Association of Accounting Technicians, A member of the Institute of Internal Auditors and is a qualified Chartered Certified Accountant. Karla is also the deputy manager for the Benefit Investigation Section and has completed PINS 4 to enable her to perform interviews under caution.</p>
<p><b>Amanda Palmer</b></p> <p>01732 876084</p> <p><a href="mailto:amanda.palmer@tmbc.gov.uk">amanda.palmer@tmbc.gov.uk</a></p>	<p><b>Senior Internal Auditor</b></p> <p>Amanda joined Tonbridge &amp; Malling Borough Council as a Clerical Assistant in 1987 within the Exchequer Services section and completed the AAT exams. She has worked in the Accountancy section for a number of years and then transferred to the Audit Section in 2001 as a Senior Internal Auditor.</p>
<p><b>Karen Parker</b></p> <p>01732 876379</p> <p><a href="mailto:karen.parker@tmbc.gov.uk">karen.parker@tmbc.gov.uk</a></p>	<p><b>Senior Internal Auditor</b></p> <p>Karen Parker started as an Internal Auditor for Humberside County Council back in 1990 passing the AAT exams in 1993. She transferred to Hull City Council upon a reorganisation followed by a move to the south in 1997 where she briefly took up post as Principal Auditor for the London Borough of Bromley. She then settled at Tonbridge and Malling Borough Council in 1998 as their Senior Internal Auditor where she is now on a job-share with Amanda Palmer.</p>
<p>Nick Battell</p> <p>01732 876242</p> <p><a href="mailto:Nick.battell@tmbc.gov.uk">Nick.battell@tmbc.gov.uk</a></p>	<p><b>Internal Audit Assistant</b></p> <p>Nick joined Tonbridge and Malling in October 2005 as a Revenue Clerk, assisting with both Council Tax and NNDR. He then became an Internal Audit Assistant in July 2007 and is studying towards his AAT Intermediate Level following completion of his AAT Foundation Level at Mid – Kent College in Maidstone.</p>

## 5. Why are you auditing me?

There are several reasons why you may be audited:

- Inclusion in the annual audit plan if your service is considered to be a key system to the authority (e.g. key Financial system) or have had recent or significant operational, technological or personnel changes
- Selection on a risk basis to ensure coverage of all critical systems in operation across the authority
- Investigative requests from Senior Officers within the organisation

## 6. Why now?

Internal Audit works to a 3-year Strategic Plan and an Annual Operational Plan. The work to be covered in any year is agreed in advance with our Management Team; is discussed with the external auditors and is presented to the Audit Committee. Also, Officers may raise concerns or suggest ideas during the course of the year for the Head of Audit to consider for review.

Senior management will have been consulted on the scope of the audit by being issued with an audit brief.

## 7. Why are we always being audited?

If an area or service is considered to be high risk or business critical (e.g. key financial systems) it is possible that a review may take place on an annual basis

## 8. How long will it take and how will it impact on me?

This depends on the complexity of the audit – however, we will always discuss this question with you at the start of the assignment. We try to limit disruption that may occur during an audit and will work around existing commitments of staff wherever possible. Co-operation in arranging meetings as early as possible during the audit also helps to minimise the time to complete a review.



## 9. How can I help the Auditor and help to achieve a smooth audit?

For an audit, the auditor, manager and staff involved need to have an understanding of the benefits that can be achieved from working together. Our aim is to help you perform your duties more efficiently, not to find mistakes or criticise unnecessarily.

We understand that people may be apprehensive of an audit and therefore we try to provide as much information as possible prior to our visit. If you have any issues or concerns, please tell us. By informing us we will have a better understanding of these issues and may be able to offer a simple solution or advice on how to handle the situation.

## 10. What's in it for me?

The audit will help to identify potential areas of weakness or inefficiency within the systems and processes and recommend actions to be taken to maximise the overall effectiveness of the service.

The audit report that is produced at the end of the review will:

- Provide a balanced description of any weaknesses to be addressed
- Provide an action plan so that any programme of improvements can be effectively managed
- Help managers to demonstrate confident and open leadership and their commitment to process improvement in their area
- Provide an assessment of the adequacy of the process reviewed

## 11. Who will see the report?

Once the report and action plan have been agreed by the manager of the section being audited the final report will be issued to the appropriate Chief Officer and/or Director; the External Auditor and the Director of Finance. The Chief Executive is also sent a copy of all Finance reports to ensure maximum independence. A summary of the report will also be reported to the Audit Committee, who oversees the audit function.



## 12. What is an Audit Committee?

The Authority's Audit Committee comprises members of the Council who do not have other executive responsibilities.

The purpose of the committee is to provide *independent assurance* of the adequacy of the Authority's risk management framework and the associated control environment, *independent scrutiny* of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

The terms of reference of the Committee are detailed within the Authority Constitution: [Council Constitution - Part 3 Responsibilities](#)

## 13. Who audits the Auditors?

Internally each Authority has to review the effectiveness of Internal Audit on an annual basis and report their findings to the Audit Committee with the annual accounts (the Annual Governance Statement).

The Audit Commission are the external auditors that review the work carried out by Internal Audit. They need to be able to place reliance on our work to support their review and approval of the Council's accounts and the financial processes that are in place.

## 14. What other services does Audit provide?

- Investigation of allegations of irregularities, fraud or malpractice;
- Providing information and advice on accurate, efficient and effective working practices and processes;
- Consultancy advice on contractual matters, the application of contract and financial procedure rules, systems maintenance and development and audit and probity elements of IT systems development.
- Fraud Awareness advice and Training