

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

8 April 2013

Report of the Chief Internal Auditor

Part 1- Public

Matters for Information

1 INTERIM CHIEF INTERNAL AUDITORS REPORT 2012/13

Summary

This report provides the opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of the organisations control environment as required by the Accounts & Audit Regulations 2011.

1.1 Background

- 1.1.1 The Accounts and Audit Regulations 2011 guidance states that proper internal control practice for the 2012-13 financial year is set out in The Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (Code of Practice). The Code requires the Chief Internal Auditor to provide an opinion on the overall adequacy and effectiveness of the organisation control environment to support the Annual Governance Statement.
- 1.1.2 Due to the timing of presentation of the Annual Governance Statement this opinion is based upon the work carried out to date in the current financial year. A full annual report will be presented to Members at the June meeting of this Committee. This will meet the requirements of the Code of Practice and will give greater details on the performance of the section.
- 1.1.3 Members also receive reports from the Exchequer Services Manager on the reviews of Risk Registers and any emerging significant risks and these assist in forming an opinion.
- 1.1.4 The audit plan for 2012/13 was agreed by Members of this Committee at the April 2012 meeting. It was designed to ensure that all high risk areas were covered in order to be able to form an opinion on the overall governance environment.
- 1.1.5 Members have approved any changes made to the plan during the year and the reasons as to why the changes were required.
- 1.1.6 All of the work carried out by Internal Audit is checked for compliance with the Code of Practice prior to issue and these management reviews have not resulted in any breaches of this code being identified.

1.1.7 Details and findings of audits issued as final are attached as **[Annex 1]** and this forms the primary basis of my opinion.

1.2 Control Environment

1.2.1 Audit testing has not revealed any significant breaches of the control environment that would have a material effect on the accounts.

1.2.2 I have not been made aware of any other concerns that could indicate a significant breach of the control environment.

1.3 Confidential Reporting Code

1.3.1 The Confidential Reporting Code exists to enable concerns to be raised in accordance with the Public Disclosure Act 1998.

1.3.2 The outcomes of any investigations are reported to Members of this Committee together with any disciplinary or legal outcome. These investigations will provide evidence for the Chief Internal Auditor opinion.

1.3.3 There have not been any concerns raised during 2012/13 at the time of writing this report. If any concerns are raised between this report and the meeting then Members will be verbally informed on the night.

1.4 Compliance with Auditing Standards

1.4.1 Members will be asked to confirm compliance with these standards in a separate report to this meeting and the next General Purposes meeting.

1.4.2 These reports indicate how the standards have been met and confirm that there have not been any breaches of the standards that would affect the control environment of the Council.

1.5 Legal Implications

1.5.1 The Accounts and Audit Regulations (2006) require that “relevant bodies conduct an annual review of the effectiveness of its system of internal audit and for a committee of the body to consider the findings”

1.5.2 The Regulations also require that “proper practices in relation to internal control” exist. They also identify that proper practices in relation to internal audit for relevant bodies for the 2011/12 financial year may be found in the “Code of Practice for internal audit in local government in the United Kingdom, issued by CIPFA.

1.5.3 This report provides evidence for Members of the Audit Committee to assist their consideration of the Annual Governance Statement as per the Regulations. In addition it confirms that Internal Audit conform to the Code of Practice.

1.6 Financial and Value for Money Considerations

- 1.6.1 The Chief Internal Auditor is required to prepare an annual audit plan that meets the requirements of the Code of Practice and balances resources to ensure an adequate level of coverage. This plan is agreed with Members and managers in order to meet those objectives.

1.7 Risk Assessment

- 1.7.1 The audit plan is risk based and is intended to add to the overall risk management system of the authority. The relatively low levels of fraud and error suggest that this objective is being successfully met. A failure to provide a service that meets the requirements of the Accounts & Audit Regulations would lead to additional external inspection and additional costs to the Council.

1.8 Equality Impact Assessment

- 1.8.1 No equality impact issues have been identified through this report.

1.9 Opinion of the Chief Internal Auditor

- 1.9.1 Based upon the outcome of work undertaken to date this year and supporting evidence, **“The opinion of the Chief Internal Auditor is that the Council has maintained an adequate and effective internal control environment.”**

Background papers:

contact: David Buckley

Internal Audit Files

David Buckley
Chief Internal Auditor