

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

22 June 2015

Report of the Chief Internal Auditor

Part 1- Public

Delegated

1 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT 2014-15

This report informs Members of the findings of the annual review of the effectiveness of the Internal Audit function and to seek Members endorsement of the effectiveness of the function for the year 2014-15.

1.1 Background

- 1.1.1 It is considered best practice for local authorities to conduct an annual review of the effectiveness of the system of internal audit. The Chief Internal Auditor has conducted the review of effectiveness for 2014-15 and a summary of the findings of this review can be found at **[Annex 1]** to this report.
- 1.1.2 It is important to note that the review is about effectiveness, not process. The focus of the review should be on the delivery of internal audit to the standard required by the Council in order for the Council to be able to place reliance on its outputs.
- 1.1.3 The findings of the review of effectiveness were circulated to Management Team on 28th May 2015. Management Team review the findings from the review and then agree an opinion as to whether the findings of this review demonstrate that the internal audit function in place during 2014-15 was effective, using the opinion definitions set out below.

Opinion	Definition
Good	The arrangements put in place by the Council provide substantial assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.
Satisfactory	The arrangements put in place by the Council provide reasonable assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.
Adequate	The arrangements put in place by the Council provide limited assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.
Unsatisfactory	The arrangements put in place by the Council provide no assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.

It was concluded by Management Team that the opinion on the effectiveness of the Internal Audit function in place during 2014-15 was Good.

1.2 Legal Implications

- 1.2.1 The Accounts and Audit Regulations place a statutory requirement on authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Proper practice relative to the 2014-15 financial year is defined as that contained within the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note to the PSIAS, published by CIPFA.
- 1.2.2 The Regulations also require the Council to conduct, at least once a year, a review of the effectiveness of its internal audit. The review conducted gives due consideration to proper practice.

1.3 Financial and Value for Money Considerations

- 1.3.1 There are no direct financial implications from this report.

1.4 Risk Assessment

- 1.4.1 The review of effectiveness provides assurance of the proper operation of the Internal Audit function of the Council. The findings of the review should therefore be properly considered as part of the Council's overall governance arrangements.

1.5 Equality Impact Assessment

- 1.5.1 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.

1.6 Recommendations

- 1.6.1 Members consider the findings of the 2014-15 review of the effectiveness of Internal Audit and endorse the opinion that the effectiveness of Internal Audit during 2014-15 was Good.

Background papers:

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Nil

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