

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

27 January 2014

Report of the Chief Internal Auditor

Part 1- Public

Matters for Information

1 UPDATE ON THE WORK OF INTERNAL AUDIT DURING 2013-14

This report provides Members with an update on the progress of the Internal Audit Team against the agreed 2013-14 Annual Internal Audit Plan.

1.1 Progress against the 2013-14 Internal Audit Plan

- 1.1.1 The Annual Internal Audit Plan for 2013-14 was approved by this Committee on the 8 April 2013 and contained 41 items. **[Annex 1]**. The Public Sector Internal Audit Standards (PSIAS) require Internal Audit to *report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan*. The purpose of this report therefore, is to provide Members with an update on the progress of the Internal Audit team in 2013-14 against the Internal Audit Plan.
- 1.1.2 The plan reflects all work undertaken by the team during the financial year, containing both assurance work and consultancy work. Of the 41 items on the original plan, 27 were audit reviews that would result in an assurance opinion; the remainder being consultancy items or allowances for follow up, provision of control advice etc.
- 1.1.3 Of the 27 assurance opinion reviews, the team have issued final reports and agreed management action plans in respect of 11 audits; of these three have been given opinions of Red, five Amber and three Green. (See **Annex 2** for definitions of audit opinions) In addition the team have issued draft reports to client management for consideration in respect of seven audits and three audits are currently underway. Work has not yet commenced on the remaining six audits. A summary of the current status of all audits on the 2013-14 plan including a summary of findings where finalised is attached to this report. **[Annex 3]**.
- 1.1.4 The Senior Internal Auditor post is a job-share; one of the post-holders will be leaving the Council's employment at the end of January 2014. The team have reviewed the work plan for the remainder of the financial year and it is anticipated that we will be able to complete the remainder of the assurance reviews on the plan within the available resources by the end of the 2013-14 financial year.

1.2 Legal Implications

- 1.2.1 The Council has a legal obligation under the Accounts and Audit (England) Regulations 2011 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 is defined by the Public Sector Internal Audit Standards and the Local Government Application Note to the Standards published by CIPFA.

1.3 Financial and Value for Money Considerations

- 1.3.1 Failure to provide an adequate internal audit could result in a breach of the Accounts and Audit (England) Regulations 2011 with the potential result of additional inspection by external audit or Government intervention for which the authority would have to fund. A sound internal control environment will minimise the risk of fraud and error and reduce the potential cost of such events happening. The internal audit process will also attempt to identify potential efficiency savings as part of its inspection process.

1.4 Risk Assessment

- 1.4.1 This report, summarising the work of the Internal Audit function, provides a key source of assurance for the council on the adequacy and effectiveness of its internal control arrangements.

Background papers:

Held within Internal Audit

David Buckley
Chief Internal Auditor

contact: Katey Durkin
Audit Manager