

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**16 June 2014**

**Report of the Director of Finance & Transformation**

**Part 1- Public**

**Delegated**

**1 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT 2013-14**

**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 during the 2013-14 financial year.**

**1.1 Background**

- 1.1.1 The Accounts and Audit Regulations 2011 require councils to conduct an annual review of the effectiveness of Internal Audit. The Chief Internal Auditor has conducted the review of effectiveness for 2013-14 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 presented to Management Team on 3 June 2014. At this meeting, Management Team reviewed the findings from the review and then agreed an opinion as to whether the findings of this review demonstrated that the internal audit function in place during 2013-14 was effective, using the opinion definitions overleaf:

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

1.1.4 It was concluded by Management Team that the opinion on the effectiveness of the Internal Audit function in place during 2013-14 was **Good**.

## 1.2 Legal Implications

1.2.1 The Accounts and Audit Regulations 2011 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 2013-14 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 See 'Screening for equality impacts' table at end of report

## 1.6 Recommendations

1.6.1 Members consider the findings of the 2013-14 review of the effectiveness of Internal Audit and endorse the opinion that the effectiveness of Internal Audit during 2013-14 was **Good**.

Background papers:

Nil

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Director of Finance and Transformation

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		N/A

*In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.*