

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

26 January 2015

Report of the Chief Internal Auditor

Part 1- Public

Matters for Information

1 UPDATE ON THE WORK OF INTERNAL AUDIT DURING 2014-15

1.1 Progress against the 2014-15 Internal Audit Plan

- 1.1.1 The Annual Internal Audit Plan for 2014-15 was approved by this Committee on the 14 April 2014 [**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 2014-15 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 34 items on the original plan, 25 were assurance reviews that would result in an assurance opinion, including three follow up reviews where an audit opinion of Red had been given in the previous year. The remainder of items on the plan relate to consultancy items or allowances for the provision of control advice, etc.
- 1.1.3 Of the 25 assurance reviews, the team have issued final reports and agreed management action plans in respect of eight audits, all of which have been given an audit opinion of Green. (See **Annex 2** for definitions of audit opinions). In addition the team have completed fieldwork which is currently subject to quality control processes for a further four audits and six audits are currently underway. Work has not yet commenced on the remaining seven audits scheduled for the final quarter of the financial year. A summary of the current status of all assurance reviews on the 2014-15 plan including a summary of findings where finalised is attached to this report [**Annex 3**].
- 1.1.4 In addition to the assurance reviews, at the request of management Internal Audit undertook a review of the four flood support schemes introduced by the Government and to be administered by local councils following the severe weather during the Winter of 2013. Assurance can be provided based on this audit testing carried out that the Council implemented the required financial assistance schemes in line with government guidance.

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:

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Nil

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