Audit Committee

21 July 2025

Part 1 - Public

Delegated

Cabinet Member	Cllr Martin Coffin, Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Sharon Shelton, Director of Finance and Transformation
Report Author	Karen Herbert, Audit Lead

Review of the Effectiveness of Internal Audit 2024/25

1 Summary and Purpose of Report

1.1 This report informs Members of the findings of the Annual Review of the Effectiveness of the Internal Audit Function for the year 2024/25.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective Council

2.2 The provision of Internal Audit and Counter Fraud Services provides assurance on Council procedures and policies.

3 Recommendations

3.1 Members are asked to **CONSIDER** the findings of the review and **ENDORSE** the opinion that the effectiveness of the Internal Audit function for the year 2024/25 was **Good.**

4 Introduction and Background

4.1 It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that periodic self-assessments are conducted to evaluate conformance with the PSIAS Code of Ethics and Standards. To ensure compliance with this element of PSIAS, an annual internal review of the effectiveness of the Internal Audit function is undertaken. The Chief Audit Executive has conducted the review of effectiveness for the year 2024/25 and a summary of the findings of this review is attached at [Annex 1]. An External Quality Review is required to be undertaken every 5 years and is due in 2026.

4.2 As well as conformance with professional standards, 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 work. Internal Audit and Counter Fraud services have been delivered through an Inter Authority Agreement with Kent County Council, giving the function greater resilience and access to a broader range of skills and expertise.

4.3 The findings of the review of effectiveness are reported to Management Team, who, following consideration of the outcome of the review, then agree an opinion as to whether the review demonstrates that the Internal Audit function in place for the year 2024/25 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.

4.4 It was concluded by Management Team that the opinion on the effectiveness of the Internal Audit function in place for the year 2024//25 was **Good**.

5 Financial and Value for Money Considerations

5.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.

5.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

6 Risk Assessment

6.1 The Council's strategic and operational risk registers are reviewed to contribute towards the prioritisation of the Annual Internal Audit Plan.

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

7 Legal Implications

7.1 The Accounts and Audit Regulations place a statutory requirement on local authorities to undertake an adequate and effective Internal Audit of systems of risk management, governance, and control in line with Internal Audit Standards.

7.2 The Council has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.

7.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

8 Cross Cutting Issues

8.1 Equalities and Diversity

8.1.1 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.

Background Papers	None
Annexes	Annex 1 – Review of the Effectiveness of Internal Audit