

Annual Internal Audit Report & Opinion 2017/18

Final Decision-Maker	Audit, Governance & Standards Committee
Lead Head of Service/Lead Director	Rich Clarke: Head of Audit Partnership
Lead Officer and Report Author	Rich Clarke: Head of Audit Partnership
Classification	Public
Wards affected	All

Executive Summary

This report meets the Head of Internal Audit annual reporting requirements mandated by the Public Sector Internal Audit Standards (PSIAS). The report includes the Head of Audit Partnership's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control which can be used to inform the Annual Governance Statement for 2017/18.

This report makes the following recommendations to this Committee:

1. The Committee **notes** the Head of Audit Partnership opinion. The opinion states that, in the view of internal audit, the Council's system of internal control, corporate governance and risk management arrangements have operated effectively during 2017/18.
2. The Committee **notes** the work underlying the opinion and the Head of Audit's assurance it was completed with sufficient independence and conformance with Public Sector Internal Audit Standards.

Timetable

Meeting	Date
Audit, Governance & Standards Committee	30 July 2018

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1. INTRODUCTION AND BACKGROUND

- 1.1 Internal audit is a required service under Regulation 5 of the Accounts and Audit Regulations 2015. The principle objective of internal audit, under that Regulation is to:

... undertake [audit work] to evaluate the effectiveness of [...] risk management, control and governance processes, taking in account public sector internal auditing standards and guidance.

- 1.1 As those charged with overseeing Governance, the Terms of Reference for this Committee require it to:

...consider the Head of Internal Audit Partnership's annual report and opinion, and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements..

- 1.2 The overall scope of the Council's audit service – which is delivered as part of a four way partnership with Swale, Ashford and Tunbridge Wells– is set out in the Audit Charter and Annual Plan. The Plan for 2017/18 was agreed by this Committee in March 2017. This Committee also received an interim update on progress to date in November 2017.
- 1.3 We have completed the work set out in the plan, subject to modifications as described in accordance with PSIAS. Where there is work outstanding at the time of writing, it is sufficiently progressed that the Head of Audit Partnership is satisfied its conclusions will not materially affect the Head of Audit Opinion. The final conclusions of any work outstanding will be reported verbally at the meeting (if available) and/or included within the first interim update of 2018/19.

2 AVAILABLE OPTIONS

- 2.1 The role of this Committee includes considering the Annual Report of internal audit as a required part of its purpose. We recommend no alternative course of action.

3 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The Head of Audit Partnership is satisfied the Council can place assurance on the system of control in operation during 2017/18. Furthermore he is satisfied that the corporate governance framework complies in all significant respects with the best practice guidance issued by

CIPFA/SOLACE. Finally, he is satisfied that the Council's risk management processes are effective. We ask the Committee to note these opinions.

- 3.1 Please see the appendix for the full Annual Report for 2017/18 which includes a summary of all work conducted to support the opinion and confirms the independence and effectiveness of the internal audit service.

4 RISK

- 4.1 This report is presented for information only and has no risk management implications.

5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 All findings and recommendations identified within reviews are consulted on with the appropriate Head of Service and action plans are agreed with management to implement recommendations. The headline messages within the report are as discussed with the s151 Officer across the year, and have been communicated to the s151 Officer to assist with his preparation of the Council's Annual Governance Statement. The attached report is adapted for comments received.

6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Not applicable.

7 CROSS-CUTTING ISSUES AND IMPLICATIONS

This report is provided for information rather than decision and consequently raises no new issues or implications.

Issue	Implications	Sign-off
Impact on Corporate Priorities	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims by helping to ensure good governance.	Rich Clarke Head of Audit Partnership 18 July 2018
Financial	The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation.	
Staffing	We will deliver the recommendations with our current staffing.	

Issue	Implications	Sign-off
Legal	Accepting the recommendations will fulfil the Council's duties under the Accounts and Audit Regulations 2015.	Rich Clarke Head of Audit Partnership 18 July 20178
Privacy and Data Protection	We hold and manage information in line with Council policies.	
Equalities	No impact	
Crime and Disorder	No impact	
Procurement	No impact	

8 REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Annual Internal Audit Report & Opinion 2017/18

9 BACKGROUND PAPERS

Full reports which inform the audit projects summarised within this annual report are available on request.