

**Annual Internal Audit Report & Opinion 2020/21**

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

**Executive Summary**

The Annual Internal Audit report includes the Head of Audit Partnership's overall opinion on the Council's internal control, risk management and governance for the year ended 31 March 2021. Based on the work completed, as summarised in the report, the opinion is positive and informs the Council's Annual Governance Statement.

**Purpose of Report**

Noting

**This report makes the following recommendations to this Committee:**

1. The Committee **notes** the Head of Audit Partnership's opinion.
2. The Committee **notes** the work underlying the opinion and the Head of Audit Partnership's assurance of its independent completion in conformance with proper Standards.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Audit, Governance & Standards Committee	28 July 2021

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## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	We present this report for noting. Mid Kent Audit's work supports all Council activity and the wider Corporate Priorities in evaluating governance.	Rich Clarke, Head of Audit Partnership. July 2021
<b>Cross Cutting Objectives</b>		
<b>Risk Management</b>	The audit plan draws on the Council's risk management in considering areas for audit review. In turn, audit findings will provide feedback on identification and management of risk.	
<b>Financial</b>	Mid Kent Audit delivered the 2020/21 audit plan within the set operating budget.	
<b>Staffing</b>	Mid Kent Audit delivered the 2020/21 audit plan within agreed staffing, supplementing vacancies through short-term market contractor engagements.	
<b>Legal</b>	This report fulfils the Council's responsibility under the Accounts & Audit Regulations 2015 for maintaining an effective internal audit.	Principal Solicitor, Contentious & Corporate Governance
<b>Privacy and Data Protection</b>	We handled all information collected by the service in line with the data protection policy of Maidstone BC, as our host authority.	Rich Clarke, Head of Audit Partnership July 2021
<b>Equalities</b>	No direct implications.	
<b>Public Health</b>	No direct implications.	
<b>Crime and Disorder</b>	No direct implications.	
<b>Procurement</b>	Completing the plan involved no new procurement.	
<b>Biodiversity and Climate Change</b>	No direct implications	

## **2. INTRODUCTION AND BACKGROUND**

2.1 Internal audit is a compulsory service for authorities as set out by Regulation 5 of the Accounts and Audit Regulations 2015. The principal objective of internal audit as described by that regulation is:

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

2.2 As those charged with overseeing governance the Terms of Reference for this Committee direct it to consider internal audit work, in particular the annual opinion.

2.3 The overall scope of the Council's audit service – which remains delivered as part of a four-way partnership with Swale, Tunbridge Wells and Ashford – is set out in the Audit Charter and Annual Plan. This Committee approved the 2020/21 plan in March 2020 and an updated plan reflecting post-covid adjustments in September 2020. This Committee also received an interim progress update in January 2021.

2.4 This report fulfils the Head of Internal Audit annual reporting directed by the Public Sector Internal Audit Standards (the "Standards"). The report includes the Head of Audit Partnership's annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion feeds into the Annual Governance Statement for 2020/21.

2.5 The Standards, in particular Standards 2450 (Overall Opinions), direct the annual report to include:

- The annual audit opinion.
- A summary of work completed that supports the opinion, and
- A statement on conformance with the Standards.

2.6 We have completed the work set out in the plan in full conformation with the Standards. We have also worked independently, free from undue influence of either officers or Members.

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## **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 place during 2020/21. Further, he is satisfied the corporate governance framework complies in all significant respects with the best practice guidance issued by CIPFA/SOLACE. Finally, he is satisfied the Council's risk management processes are effective. We ask the Committee to note these opinions.

3.2 Please see Appendix 1 for the full Annual Report for 2020/21. This report includes a summary of all work conducted to support the opinion and affirms the independence and effectiveness of the internal audit service.

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#### **4. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 4.1 We consult and agree with relevant Heads of Service before finishing all findings and recommendations arising from individual audit engagements. The headline messages in our report are as discussed with the Corporate Leadership Team across the year and have been shared to help prepare the Annual Governance Statement.
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#### **5. REPORT APPENDICES**

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

- Appendix 1: Internal Audit Annual Report 2020/21
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#### **6. BACKGROUND PAPERS**

Full reports which support the audit engagements summarised in this annual report are available.