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## **INTERNAL AUDIT ANNUAL REPORT**

To: **Governance and Audit Committee - 25<sup>th</sup> June 2014**

By: **Sue McGonigal, Chief Executive (s.151 Officer)**

Subject: **INTERNAL AUDIT ANNUAL REPORT OF THE HEAD OF THE  
AUDIT PARTNERSHIP FOR 2013-14**

Classification: **Unrestricted**

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**Summary:** **This report provides the summary of the impact of the work of the East Kent Audit Partnership for the year to 31<sup>st</sup> March 2014.**

### **For Information**

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#### **1.0 Introduction**

- 1.1 The primary objective of Internal Audit is to provide independent assurance to Members, the Chief Executive, Directors and the Section 151 Officer on the adequacy and security of those systems on which the Authority relies for its internal control. The purpose of bringing forward an annual report to Members is to:
- Provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment.
  - Present a summary of the internal audit work undertaken to formulate the opinion.
  - Draw attention to any issues the Head of the Audit Partnership judges particularly relevant to the preparation of the Annual Governance Statement.
  - Compare actual audit activity with that planned, and summarise the performance of Internal Audit against its performance criteria.
  - Comment on compliance with the PSIAS, and report the results of the Internal Audit quality assurance programme.
- 1.2 The report attached as Annex 1 therefore summarises the performance of the East Kent Audit Partnership (EKAP) and the work it has performed over the financial year 2013-14 for Thanet District Council, and provides an overall assurance on the system for internal control based on the audit work undertaken throughout the year, in accordance with best practice.
- 1.3 The internal audit team is proactive in providing guidance on procedures where particular issues are identified during audit reviews. The aim is to minimise the risk of loss to the Authority by securing adequate internal controls. Partnership working for the service has added the opportunity for the EKAP to port best practice across the four sites within the East Kent Cluster to help drive forward continuous service improvement.

- 1.4 During 2013-14 the EKAP delivered 93% of the agreed audit plan days, with 20.31 days carried over as work in progress at the year-end. The performance figures for the East Kent Audit Partnership as a whole for the year show good performance against targets, particularly as the EKAP has experienced staffing changes and delivered financial savings against its agreed budget to all its partners in the delivery of the service.
- 1.5 New Public Sector Internal Audit Standards (PSIAS) were introduced from April 2013, and this is the first annual report to follow. As a consequence of the PSIAS, the former Audit Charter and Audit Strategy have been merged into one revised document, therefore the new Audit Charter is attached as Annex 2 for approval and adoption.

## **2.0 Options**

- 2.1 That Members consider and note the annual internal audit report for 2013-14.
- 2.2 That Members consider registering their concerns with Cabinet in respect of any areas of the Council's corporate governance, control framework or risk management arrangements in respect of which they have on-going concerns after considering the work or coverage of internal audit for the year 2013-14.

## **3.0 Corporate Implications**

### 3.1 Financial Implications

- 3.1.1 There are no financial implications arising directly from this report. The costs of the audit work have been met from the Financial Services 2013-14 budget. Savings against budget have been delivered by EKAP.

### 3.2 Legal Implications

- 3.2.1 The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.

### 3.3 Corporate Implications

- 3.3.1 Under the Local Code of Corporate Governance accepted by Governance and Audit Committee on 11<sup>th</sup> December 2013, the Council is committed to comply with requirements for the independent review of the financial and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit.

## 4.0 Recommendations

- 4.1 That the report be received by Members.

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|                   | Simon Webb, Deputy Head of Audit, ext 7189                 |
|                   | Sue McGonigal, Chief Executive (s.151 Officer) Ext. 7790   |

## Annex List

|         |   |
|---------|---|
| Annex 1 | East Kent Audit Partnership Annual Report 2013/14 |
| Annex 2 | Internal Audit Charter                            |

## Background Papers

| <b>Title</b>                                     | <b>Details of where to access copy</b>   |
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| <b><i>Internal Audit Annual Plan 2013-14</i></b> | Previously presented to and approved at the 21 <sup>st</sup> March 2013 Governance and Audit Committee meeting |
| <b><i>Internal Audit Follow Up 2013-14</i></b>   | Previously presented to Governance and Audit Committee Meetings in quarterly updates                           |
| <b><i>Internal Audit working papers</i></b>      | Held by the East Kent Audit Partnership  |