

Annual Internal Audit Report 2020-21

Governance & Audit Committee	28 July 2021
Report Author	Head of Internal Audit
Portfolio Holder	Cllr David Saunders, Cabinet Member for Finance.
Status	For Information
Classification:	Unrestricted
Key Decision	No

Executive Summary:

This report provides a summary of the work undertaken by the East Kent Audit Partnership to support the annual opinion. The report includes the Head of Audit Partnership's opinion on the overall adequacy and effectiveness of the system of governance, risk management and internal control in operation and informs the Annual Governance Statement for 2020-21, together with details of the performance of the EKAP against its targets for the year ending 31st March 2021.

The main points to note from the attached report are that despite the impact of C19, a number of the agreed audits have been completed, the majority of which have given rise to a substantial or reasonable assurance.

Recommendation(s):

That Members note the Opinion of the Head of Audit Partnership.

That Members receive the Annual Report detailing the work of the EKAP and its performance to underpin the 2020-21 opinion.

Corporate Implications

Financial and Value for Money

There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2020-21 budgets.

Legal

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.

Corporate

Under the Local Code of Corporate Governance 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.

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no equity or equalities issues arising from this report.

Corporate Priorities

This report relates to the following corporate priorities: -

- Growth
- Environment
- Communities

1.0 Introduction and Background

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 effectiveness 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, including reliance placed on work by other assurance bodies,
- 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 Public Sector Internal Audit Standards (PSIAS), and report the results of the Internal Audit quality assurance programme.
- Confirm annually that EKAP is organisationally independent, whether there have been any resource limitations or instances of restricted access.

1.2 The report attached as Annex A therefore summarises the performance of the East Kent Audit Partnership (EKAP) and the work it has performed over the financial year 2020-21 for Thanet District Council, and provides an overall opinion on the system for governance, risk management and internal control based on the audit work undertaken throughout the year, in accordance with best practice. In providing this opinion, this report supports the Annual Governance Statement.

- 1.3 In March 2020 when the Covid Emergency hit, the EKAP was initially able to continue with work in progress. Soon during April, it became necessary to suspend the audit plan and the staff were made available for redeployment. The staff were all able to utilise their skills in several different ways, spending 154 days over the partnership in roles supporting the Community Hub and business grants processes. Consequently, Quarter One (April, May and June) was impacted and it became clear that a new target of 75% plan completion would be more likely. By Quarter 2, the rhythm of commencing planned reviews, agreeing reports, setting up new briefs and closing progress reports was reinstated. Al be it that this was a new way of working for the team being 100% of their time at home. Excellent ICT and new applications or systems have made it possible to operate effectively relying only on virtual meetings and electronic access to records.
- 1.4 The EKAP delivered 77% of the agreed audit plan days to TDC. The performance figures for the East Kent Audit Partnership as a whole for the year show good performance against the adjusted targets. It is the opinion of the Head of Audit that sufficient work has been undertaken to be able to support an opinion for 2020-21.
- 1.5 No system of control can provide absolute assurance, nor can Internal Audit give that assurance. This opinion is intended to provide assurance that there is an ongoing process for identifying, evaluating and managing the key risks.

2.0 Summary of Work

- 2.1 That Members consider and note the Head of Audit opinion in the internal audit annual report.
- 2.2 That Members consider registering their comments with Cabinet in respect of any areas of the Council's corporate governance, risk management arrangements or internal control framework in respect of which they have on-going comments after considering the work or coverage of internal audit for the year 2020-21.

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Reporting to: Chris Blundell; Head of Financial Services (Deputy S151 Officer)
Tim Willis; Deputy Chief Executive (S151 Officer)

Annex List

Annex 1: East Kent Audit Partnership Annual Report – 28-07-2021

Background Papers

Internal Audit Annual Plan 2020-21 - Previously presented to and approved in March 2020 at Governance and Audit Committee meeting

Internal Audit working papers - Held by the East Kent Audit Partnership

Corporate Consultation

Finance: Chris Blundell; Head of Financial Services (Deputy S151 Officer)
Tim Willis (Deputy Chief Executive)

Legal: Estelle Culligan, Director of Law and Democracy (Deputy Monitoring Officer)