

# Internal Audit Report & Annual Audit Opinion 2022/23

For Audit & Governance Committee on Tuesday 25 July 2023

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## Summary

**Lead Member:** Ben Chapelard, Leader of the Council

**Lead Director:** Lee Colyer, Director of Finance, Policy & Development

**Head of Service:** Katherine Woodward, Head of Mid Kent Audit Partnership

**Report Author:** Katherine Woodward, Head of Mid Kent Audit Partnership

**Classification:** Public document (non-exempt)

**Wards Affected:** All

Approval Timetable	Date
Audit & Governance Committee	25 July 2023

## Recommendations

Officer recommendations as supported by the Portfolio Holder:

1. That the Audit & Governance Committee notes the Head of Audit Partnership opinion.
2. That the Audit & Governance Committee notes the work underlying the opinion and the Head of Audit Partnership's assurance of its independent completion in conformance with proper standards

# 1. Introduction and Background

- 1.1 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 in 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”.
- 1.2 This report delivers 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 2022/23.
- 1.3 The Standards, in particular Standard 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 conformation with Standards
- 1.4 We have completed the work set out in the plan in full conformance with the Standards. We have also worked independently, free from undue influence of either officers or Members.
- 1.5 As those charged with overseeing governance, the Audit & Governance Committee must consider the Annual Internal Audit Opinion.

# 2. Preferred Option and Reason

- 2.1 The interim Head of Audit Partnership is satisfied the Council can place assurance on the system of control in place during 2022/23. The Committee is asked to note this opinion.
- 2.2 The full Annual Report for 2022/23 is attached as an Appendix. This report includes a summary of all work conducted to support the opinion and affirms the independence and effectiveness of the internal audit service
- 2.3 We present the opinion and associated report for noting and for Members to consider alongside their evaluation of associated year end reports into the Council’s finance and governance. This report does not seek any substantive decision or action from the Council as a direct result.

### **3. Consultation**

- 3.1 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 have been discussed with the Management Board and have been shared to help prepare the Annual Governance Statement.

### **4. Appendices and Background Documents**

Appendices:

- Appendix A: Internal Audit Annual Report and Opinion 2022/23.

Background Papers:

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

### **5. Cross Cutting Issues**

This report and opinion are for noting and to support consideration of other year end reporting into the Council's finances and governance. It does not propose or prescribe any specific action as a result. Therefore this report has no specific impact in any of these areas but instead below is a general commentary on issues relevant to each heading

#### **A. Legal (including the Human Rights Act)**

This report helps fulfil the Council's legal obligations under the Accounts and Audit Regulations 2015 for having an internal audit service that conforms to relevant Standards

#### **B. Finance and Other Resources**

We carried out the work programme within agreed resources

#### **C. Staffing**

We completed the work programme using staff employed by Maidstone Borough Council as the host authority for the shared service, supplemented with contractor support procured in accordance with Maidstone's financial regulations and overseen by audit management.

#### **D. Risk Management**

The audit plan drew 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.

## **E. Environment (inc. Biodiversity) and Sustainability**

No direct implications, though the Committee may wish to note that owing to the COVID pandemic a significant element of the audit work was carried out remotely

## **F. Community Safety**

There are no community safety implications associated with this decision.

## **G. Equalities**

There are no equality implications associated with this decision

## **H. Data Protection**

All information collected by the service was done in line with the data protection policy of our host authority (Maidstone BC).

## **I. Health and Safety**

There are no health and safety implications associated with this decision.

## **J. Health and Wellbeing**

There are no health and wellbeing implications associated with this decision.