

Audit Committee Meeting	
Meeting Date	26 July 2021
Report Title	Annual Internal Audit Report & Opinion 2020/21
Cabinet Member	Cllr Roger Truelove, Leader of Swale Borough Council
SMT Lead	Nick Vickers – Chief Finance Officer
Head of Service	Rich Clarke – Head of Audit Partnership
Lead Officer	Rich Clarke – Head of Audit Partnership
Key Decision	No
Classification	Open
Recommendations	<ol style="list-style-type: none"> 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.

1 Purpose of Report and Executive Summary

- 1.1 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.
- 1.2 The Standards, in particular Standard 2450 (Overall Opinions), direct the annual report to include:
- The annual audit opinion
 - A summary of work completed the supports the opinion, and
 - A statement on conformance with Standards.

2 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 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".

- 2.2 As those charged with overseeing governance, the Terms of Reference for this Audit Committee direct that it must:

“...consider the [internal audit] 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.”

- 2.3 The overall scope of the Council’s audit service – which remains delivered as part of a four-way partnership with Maidstone, 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 November 2020.

- 2.4 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.

3 Proposals

- 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 I 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.

4 Alternative Options

- 4.1 We present the opinion and associated report for noting rather than decision.

5 Consultation Undertaken or Proposed

- 5.1 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 Chief Finance Officer across the year and have been shared to help prepare the Annual Governance Statement.

6 Implications

Issue	Implications
Corporate Plan	Mid Kent Audit's work supports all Council activity and the wider Corporate Plan in evaluating governance.
Financial, Resource and Property	We completed the work programme within agreed resources.
Legal, Statutory and Procurement	The Council is required by Regulations to deliver a conforming internal audit service.
Crime and Disorder	No direct implications.
Environment and Climate/Ecological Emergency	No direct implications, although the Committee may wish to note that owing to the circumstances this is the first time we have completed an audit plan fully remotely.
Health and Wellbeing	No direct implications.
Safeguarding of Children, Young People and Vulnerable Adults	No direct implications.
Risk Management and Health and Safety	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.
Equality and Diversity	No direct implications.
Privacy and Data Protection	We handled all information collected by the service in line with the data protection policy of our host authority (Maidstone BC).

7 Appendices

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

- Appendix I: Internal Audit Annual Report 2020/21

8 Background Papers

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