

# AUDIT BOARD

## 17 JULY 2019

### INTERNAL AUDIT ANNUAL OPINION (JULY 2019)

#### 1. Summary

- 1.1 The report sets out the Internal Audit Annual Opinion on the effectiveness of the Council's internal control, governance and risk management arrangements. The Opinion, is a requirement of [Public Sector Internal Audit Standards](#), and includes a summary of the work taking into consideration when forming the Opinion.

#### 2. RECOMMENDATION

- 2.1 That Members note the Annual Audit Opinion attached as Appendix A to this report.

#### 3. Background and Discussion

- 3.1. In accordance with professional standards (Public Sector Internal Audit Standards) the Chief Audit Executive (a role fulfilled by the Audit Manager at Dartford) must deliver an annual internal audit opinion to conclude on the effectiveness of the Council's internal control, governance and risk management. The Opinion is used to inform the Annual Governance Statement which in turn supports the Financial Statements.
- 3.2. The Opinion is mandated through the Standards, specifically Standard 2450 which sets out what the Opinion must include and take into consideration:

##### **2450 Overall Opinions**

When an overall opinion is issued, it must take into account the strategies, objectives and risks of the organisation and the expectations of senior management, the board and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant and useful information.

##### *Interpretation:*

The communication will include:

- the scope including the time period to which the opinion pertains
- scope limitations
- consideration of all related projects including the reliance on other assurance providers
- a summary of the information that supports the opinion
- the risk or control framework or other criteria used as a basis for the overall opinion, and
- the overall opinion, judgment or conclusion reached.

The reasons for an unfavourable overall opinion must be stated.

##### **Public sector requirement**

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

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3.3. The Audit Board, is required through its Terms of Reference to consider the Opinion each year, and to maintain oversight of the Internal Audit service and the work undertaken to support the overall Opinion.

4. Internal Audit Resources

4.1 The Opinion is principally derived from completion of the Internal Audit Plan (agreed by the Board in April 2017). The plan at the time set out the resources needed to undertake the work, and progress has been reported throughout the year on how those resources have been deployed.

5. Relationship to the Corporate Plan

5.1 Not applicable

6. Financial, legal, staffing and other administrative implications and risk assessments

Financial Implications	As this report is for noting, there are no direct financial implications.
Legal Implications	This report has no direct Legal implications.
Staffing Implications	The use of Internal Audit resources are set out in the report (Appendix A).
Administrative Implications	As this report is for noting, there are no direct administrative implications.
Risk Assessment	Internal Audit work is risk-based, and is therefore directly aligned to key risks that face the Council.

7. Details of Exempt Information Category

7.1 Not applicable

8. Appendices

Appendix A – Internal Audit Annual Opinion 2018-19 (July 2019)

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**BACKGROUND PAPERS**

<u>Documents consulted</u>	<u>Date</u>	<u>Report Author</u>	<u>Section &amp; Directorate</u>	<u>Exempt Information Category</u>
Public Sector Internal Audit Standards (March 2017)	07/3/19	Audit Manager 01322 343004	Internal Audit Partnership  &  Strategic Director (Internal Services)	N/A