

By: Jonathan Idle – Head of Internal Audit

To: Governance and Audit Committee – 23 July 2023

Subject: **INTERNAL AUDIT ANNUAL REPORT AND OPINION FOR 2023-24**

Classification: Unrestricted

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## Summary:

This Annual Report details:

- The overall outcomes and key themes from Internal Audit work undertaken during 2023-24.
- The translation of these outcomes to the resultant annual opinion on the Council's systems of governance, risk management and internal control that is incorporated into the Annual Governance Statement.
- The related performance of the Internal Audit service in delivering this work.

## Recommendation: FOR ASSURANCE

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### 1. Introduction

1.1 Public Sector Internal Audit Standards (PSIAS) require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance to support the Council's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015. This report should include the following:

- An annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework;
- A summary of the audit work from which the opinion is derived;
- Any issue the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- A comparison of the work undertaken with the work that was planned and a summary of the performance of the Internal Audit function against its performance measures and criteria;
- A statement on conformance with the PSIAS and the result of the Internal Audit Quality Assurance and Improvement Programme;
- Disclosure of any qualifications to the opinion, together with the reasons for the qualification; and
- Disclosure of any impairments (in fact or appearance) or restriction in scope.

1.2 Accordingly, the Internal Audit Annual Report is prepared and submitted to both the Executive and the Governance and Audit Committee. Additionally, in-year update reports have periodically been provided to the Committee and the Executive detailing key issues arising throughout the year.

1.3 The Annual Report includes the following components:

- Purpose and Background;
- Annual Opinion;
- Summary of Internal Audit work undertaken;
- Analysis of Council Implementation of Agreed Actions;
- Conformance with PSIAS;
- Internal Audit Performance;
- Internal Audit Resources; and
- Disclosure on Impairment and Escalation.

The Annual Counter Fraud Report has been prepared separately, which outlines Counter Fraud activity for 2023-24.

1.4 The issues detailed in the attached report have been considered by the Council in the formulation of the draft Annual Governance Statement for 2023-24.

1.5 The Governance and Audit Committee's Terms of Reference include ensuring that Internal Audit is effective. Sections 6 and 7 of the Annual Report sets out performance information to enable the Committee to continually assess and consider the effectiveness of Internal Audit.

1.6 The proposed formal wording for the relevant declaration into the Annual Governance Statement is as per Section 2 within the Annual Report.

## **2. Recommendations**

2.1 Members are requested to:

Receive and note this report as a source of independent assurance regarding the risk, control and governance environment across the Council, noting the outcomes from 2023-24 Internal Audit work and the resultant '**Adequate**' opinion to the Annual Governance Statement.

## **3. Background Documents**

Appendix A: Internal Audit Annual Report 2023-24.

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