

Report to: **Audit Committee**

Date: **8 July 2022**

By: **Chief Operating Officer**

Title of report: **Internal Audit Annual Report and Opinion 2021/22**

Purpose of report: **To give an opinion on the County Council's control environment for the year from 1 April 2021 to 31 March 2022**

RECOMMENDATIONS

The Committee is recommended to:

- 1. note the Internal Audit Service's opinion on the Council's control environment;**
 - 2. consider whether there are any significant control issues that should be included in the Council's Annual Governance Statement for 2021/22;**
 - 3. consider whether the Council's system for internal audit has proved effective during 2021/22.**
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1. Background

1.1 The purpose of this report is to give an opinion on the adequacy of East Sussex County Council's control environment as a contribution to the proper, economic, efficient and effective use of resources. The report covers the audit work completed in the year from 1 April 2021 to 31 March 2022 in accordance with the Internal Audit Strategy for 2021/22.

2. Supporting Information

2.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

2.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

2.3 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide substantial assurance that East Sussex County Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2021 to 31 March 2022.

2.4 This opinion, and the evidence that underpins it, is further explained in the full Internal Audit Service's Annual Report and Opinion which forms Annex A of this report. The report highlights:

- Key issues for the year, including a summary of all audit opinions provided;
- Key financial systems work; and
- Other internal audit activity.

2.5 There is a separate report of Counter Fraud activity to be presented alongside this report.

2.6 A summary of the major findings from audit reviews completed during quarter 4 of 2021/2022 is included in Annex B. Major findings from previous quarters have already been reported.

2.7 Finally, Appendix A of the annual report sets out details of internal audit performance for the year, including details of compliance against the relevant professional standards.

3. Conclusions and Reasons for Recommendation

3.1 Audit Committee is recommended to note the Internal Audit Service's opinion on the Council's control environment, consider whether there are any significant issues that should be included in the Council's annual governance statement for 2021/22 and consider whether the Council's system for internal audit has proved effective. Cabinet will be recommended to note the Internal Audit Service's opinion on the Council's control environment at its meeting on 19 July 2022.

ROS PARKER, CHIEF OPERATING OFFICER

Contact Officers: Russell Banks, Orbis Chief Internal Auditor, Tel No. 07824 362739,
Email: russell.banks@eastsussex.gov.uk

Nigel Chilcott, Audit Manager, Tel No. 07557 541803,
Email: nigel.chilcott@eastsussex.gov.uk

BACKGROUND DOCUMENTS

Internal Audit Strategy and Annual Audit Plan 2021/22