

Report to: **Cabinet**

Date: **22 September 2015**

By: **Chief Operating Officer**

Title of report: **Internal Audit Services: Annual Report and Opinion 2014/15**

Purpose of report: **To give an opinion on the County Council's control environment for the year from 1 April 2014 to 31 March 2015**

RECOMMENDATIONS

Cabinet is recommended to note the internal audit service's opinion on the Council's control environment.

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 2014 to 31 March 2015 in accordance with the Internal Audit Strategy for 2014/15.

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'.

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 Head of Assurance (as the Council's Head of Internal Audit) can provide reasonable 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 2014 to 31 March 2015.

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

- Key issues for the year, including a summary of all audit opinions provided;
- Progress on implementation of high risk recommendations;
- Key financial systems;
- Schools;
- Anti Fraud and Corruption.

2.5 Section 6 of the annual report sets out details of internal audit performance for the year, including details of compliance against the relevant professional standards.

2.6 Cabinet will note that we are continuing to identify control weaknesses within schools. In response, we are continuing to work with colleagues in Children's Services and Finance to undertake a range of activities to help improve school financial governance, including the development of a robust training programme for key school based personnel.

3. Conclusions and Reasons for Recommendation

3.1 Cabinet is recommended to note the internal audit service's opinion on the Council's control environment.

3.2 This report was presented to Audit, Best Value and Community Services Scrutiny Committee on 17 July 2015.

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Background documents:
Strategic Audit Plan 2014-15
Internal Audit Progress Reports 2014/15