

Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **15 July 2016**

By: **Chief Operating Officer**

Title of report: **Internal Audit Services: Annual Report and Opinion 2015/16**

Purpose of report: **To give an opinion on the County Council's control environment for the year from 1 April 2015 to 31 March 2016**

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## **RECOMMENDATIONS**

**Members are 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 2015/16;**
  - 3. consider whether the Council's system for internal audit has proved effective during 2015/16.**
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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 2015 to 31 March 2016 in accordance with the Internal Audit Strategy for 2015/16.

### **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 2015 to 31 March 2016.

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 Appendix 1 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 A summary of the major findings from audit reviews completed during quarter 4 of 2015/16 is included in Appendix 2 (major findings from previous quarters have already been reported).

2.6 Finally, 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.

### **3. Conclusions and Reasons for Recommendation**

3.1 Audit, Best Value and Community Services Scrutiny 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 2015/16 and consider whether the Council's system for internal audit has proved effective.

3.2 This report will be presented to Cabinet on 19 July 2016.

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Local Members: All

BACKGROUND DOCUMENTS  
Internal Audit Strategy and Annual Audit Plan 2015/16