

Report to: **Cabinet**

Date: **14 July 2020**

By: **Chief Operating Officer**

Title of report: **Internal Audit Annual Report and Opinion 2019/20**

Purpose of report: **To give an opinion on the County Council's control environment for the year from 1 April 2019 to 31 March 2020**

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 2019 to 31 March 2020 in accordance with the Internal Audit Strategy for 2019/20.

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 Orbis Chief Internal Auditor 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 2019 to 31 March 2020.

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 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;
- Other internal audit activity;
- Anti-fraud and corruption activity.

2.5 During the year, two minimal assurance opinions were issued. One of these related to an audit of the East Sussex Pension Fund. Progress against agreed management actions was reported to the Pension Board and Pension Committee at their June meetings. The other minimal assurance opinion given was in relation to a school. Follow up reviews will be completed in these areas during 2020/21 as well as some audits which received opinions of partial assurance.

2.6 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.

2.7 Whilst it did not make a material difference to our overall audit plan delivery for the year and our subsequent annual audit opinion, the Coronavirus pandemic meant that some reviews in progress at the time were not completed to final report stage. Where appropriate, the findings from these audits were still reported to services for information, with a view to finalising the reports at a future date. In other cases, planned work was suspended as a result of the Coronavirus pandemic and has therefore been considered for inclusion within our 2020/21 audit plan and any revisions to this.

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.

KEVIN FOSTER

CHIEF OPERATING OFFICER

Contact Officers: Russell Banks, Orbis Chief Internal Auditor, 01273 481447
Nigel Chilcott, Audit Manager, 01273 481992

BACKGROUND DOCUMENTS

Internal Audit Strategy and Annual Audit Plan 2019/20

Internal Audit Progress Reports 2019/20