

ANNUAL INTERNAL AUDIT REPORT AND OPINION 2020/21

Head of Service:	Gillian McTaggart, Head of Policy, Performance & Governance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1 Annual Internal Audit Report & Opinion 2020/21

Summary

This report presents the Committee with the Annual Internal Audit Report and Opinion 2020/21.

Recommendation (s)

The Committee is asked to:

- (1) Receive the Annual Internal Audit Report and Opinion 2020/21 attached at Appendix 1**

1 Reason for Recommendation

- 1.1 The Accounts and Audit Regulations 2015 require an internal audit function in local government to 'undertake an effective audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance. The Head of Southern Internal Audit Partnership is responsible for the delivery of an annual opinion and report that is used to inform the Annual Governance Statement.
- 1.2 The Committee's Terms of Reference specify that the Committee has overall responsibility for audit and governance frameworks (including functions of an audit Committee). In accordance with this responsibility, the Committee receives regular internal audit reports each year. These reports include updates on progress made against the relevant audit plan and the annual end of year report encompassing the Head of Internal Audit's opinion.

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2 Background

- 2.1 On 19 November 2020 the Committee endorsed the Internal Audit Plan 2020/21, this was slightly later than usual due to the COVID-19 pandemic. Work against this plan has been continuing throughout the year. An update on progress was reported to Committee at the November 2020 and April 2021 meetings. At the last meeting in April a number of audit reviews were yet to be finalised. These have since all been completed and are reported elsewhere on this agenda, except for the Parking & Enforcement audit, which is at close of audit stage.
- 2.2 The Annual Internal Audit Report and Opinion 2020/21 attached at Appendix 1 sets out the Head of Internal Audit's Opinion of the Council's framework of risk management, governance and internal control. It is based on the findings of the internal audit reviews undertaken over the course of the year.
- 2.3 The Head of Internal Audit has commented that the COVID-19 pandemic has had a significant impact on the way SIAP has worked and interacted across the year. To operate in accordance with government requirements, it adopted a revised operating model and innovative approach to virtual auditing. However, the Head of Internal Audit has stated that he is confident that the revised operating model has not comprised its audit work.

3 Head of Internal Audit's Opinion

- 3.1 The Head of Internal Audit's Report & Opinion 2020/21 is attached at Appendix 1. The Head of Internal Audit states:

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Epsom & Ewell Borough Council's internal control environment.

In my opinion, Epsom & Ewell Borough Council's framework of governance, risk management and control is 'Reasonable' and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.'

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- 3.2 This opinion has been based on 18 audits undertaken across the year. Two audits did not culminate in an opinion comprising, a review of the Local Government Compensation Scheme and sign off of the Conservators Account. Two have not been completed, these are Parking & Enforcement and Disaster Recovery & IT Business Continuity. The outcome of both these reviews will be reported to the Committee at a later stage. The Head of Internal Audit has stated that the outcome of these reviews will not impact his annual opinion adversely.
- 3.3 Of the remaining 14 audits, three were assigned substantial assurance, 10 were assigned reasonable assurance and one was assigned limited assurance.. No audits were assigned no assurance during 2020/21.

4 Risk Assessment

Legal or other duties

4.1 Impact Assessment

4.1.1 None for the purposes of this report.

4.2 Crime & Disorder

4.2.1 None for the purposes of this report.

4.3 Safeguarding

4.3.1 None for the purposes of this report.

4.4 Dependencies

4.4.1 Before final publication of the Annual Governance Statement (AGS) and audited accounts for the year ended 31 March 2021, the AGS must be certified by the Chief Executive and Chairman of the Strategy & Resources Committee. However, the content of the AGS is, in part, dependent upon the findings of the Head of Internal Audit's Annual Opinion 2020/21.

4.5 Other

4.5.1 There are no other implications associated with this report.

5 Financial Implications

5.1 There are no financial implications associated with this report.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

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- 6.1 There are no legal implications associated with this report.
- 6.2 **Monitoring Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- 7.1.1 Effective Council – Engaging, responsive and resilient Council.
- 7.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** no relevance for the purposes of this report.
- 7.4 **Sustainability Policy & Community Safety Implications:** no relevance for the purposes of this report.
- 7.5 **Partnerships:** Not applicable.

8 Background papers

- 8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Annual Governance Statement 2019/20, Audit, Crime & Disorder and Scrutiny Committee 17 September 2020

Other papers:

- Internal Audit Plan 2020/21, Audit, Crime & Disorder and Scrutiny Committee 19 November 2020
- Internal Audit Progress Report, Audit, Crime & Disorder and Scrutiny Committee 19 November 2020
- Internal Audit Progress Report, Audit, Crime & Disorder and Scrutiny Committee 8 April 2021