

ANNUAL INTERNAL AUDIT REPORT & OPINION 2021-2022

Head of Service:	Gillian McTaggart, Head of Corporate Assurance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 - Annual Internal Audit Report & Opinion 2021-2022

Summary

This report presents the Committee with the Annual Internal Audit Report and Opinion 2021-2022.

Recommendation (s)

The Committee is asked to:

- (1) Receive the Annual Internal Audit Report and Opinion 2021-2022 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, which is used to inform the Council's 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 8 April 2021 the Committee endorsed the Internal Audit Plan 2021-2022. Work against this plan has continued throughout the year, with periodic progress updates being brought to this Committee.
- 2.2 The Annual Internal Audit Report and Opinion 2021-2022 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.
 - 2.2.1 Please note, the commentary on one audit has been assigned an exempt status. It will be made available to Members under Part 2.

3 Head of Internal Audit's Opinion

- 3.1 The Chief Internal Auditor's Report & Opinion 2021-2022 is attached at Appendix 1. In sum, he has concluded a "reasonable" assurance opinion, noting:

"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 the internal control environment. In my opinion frameworks of governance, risk management and management control are 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."
- 3.2 See Appendix 1 for further information.

4 Risk Assessment

Legal or other duties

- 4.1 Equality 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

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4.4.1 Before final publication of the Annual Governance Statement (AGS) and audited accounts for the year ended 31 March 2022, the AGS must be certified by the Chief Executive and Chair 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 2021-2022.

4.5 Other

4.5.1 None for the purposes of 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

6.1 There are no legal implications associated with this report.

6.2 **Legal Officer's comments:** There are various obligations upon the Council regarding ensuring that its business is conducted in accordance with the law and proper standards. This includes the duty (under the Local Government Act 1999) to make arrangements to secure continuous improvement, to have an Annual Government Statement (Account and Audit Regulations 2015) and to undertake a review of the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards and guidance. It is noted that the terms of reference of this Committee enables Members to consider the annual report of SIAP and make recommendations as appropriate to this Committee and/or Full Council.

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:**

7.3.1 No implications for the purposes of this report.

7.4 **Sustainability Policy & Community Safety Implications:**

7.4.1 No implications for the purposes of this report.

7.5 **Partnerships:**

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7.5.1 No implications for the purposes of this report.

8 Background papers

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

Previous reports:

- Annual Internal Audit Report and Opinion 2020/21, Audit, Crime & Disorder and Scrutiny Committee, Tuesday 15 June 2021. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MIId=920&Ver=4> [Last accessed 09/05/2022].

Other papers:

- The latest Internal Audit progress report and the Council's Annual Governance Statement are on the agenda for this committee meeting.