



## AUDIT & GOVERNANCE COMMITTEE

Monday, 10 July 2023

<b>Subject</b>	ANNUAL INTERNAL AUDIT OPINION 2022/23
<b>Report by</b>	Councillor Vince Langdon-Morris Cabinet Member with Responsibility for Resources and Value for Money
<b>Supporting Officer</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a>

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

To provide an overall annual internal audit opinion of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control during 2022/23.

### **Options:**

There are no options to be considered in relation to this report.

### **Recommendation/s:**

That having considered the Head of Internal Audit's Annual Opinion Report for 2022/23, the Committee notes its contents.

## Corporate Impact Assessment

### **Governance:**

This report is being presented to the Audit & Governance Committee to support and inform Members' review of corporate governance arrangements, and in accordance with the Committee's terms of reference:

*"To consider the Head of Internal Audit's Annual Report:*

- The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement.*
- The opinion of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement."*

### **ESC policies and strategies that directly apply to the proposal:**

The Annual Internal Audit Opinion directly links to the Council's framework of corporate governance, which encompasses the East Suffolk Strategic Plan and all ESC policies and strategies that direct and manage East Suffolk Council activities.

### **Environmental:**

The Annual Internal Audit Opinion directly links to the Council's framework of corporate governance, which encompasses the East Suffolk Strategic Plan and activities that support the Caring for our Environmental Theme, where applicable.

### **Equalities and Diversity:**

There are no direct equalities and diversity implications within this report

### **Financial:**

The Annual Internal Audit Opinion directly links to the Council’s framework of corporate governance, which encompasses the East Suffolk Strategic Plan and activities that support the Maintaining Financial Sustainability Theme, where applicable.

**Human Resources:**

There are no direct staffing implications within this report

**ICT:**

The Annual Internal Audit Opinion directly links to the Council’s framework of corporate governance, which encompasses the East Suffolk Strategic Plan and activities that support the Council’s technical controls over applications, information, infrastructure and people, where applicable.

**Legal:**

The provision of an Annual Internal Audit Opinion is a duty under the Accounts and Audit Regulations 2015, which requires 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”

The Annual Internal Audit Opinion directly links to the Council’s framework of corporate governance, which encompasses the East Suffolk Strategic Plan and activities that support the Council’s legal and regulatory responsibilities, where applicable.

**Risk:**

The Annual Internal Audit Opinion directly links to the Council’s framework of risk management, including an independent, objective evaluation on the effectiveness of the organisation’s risk management.

Internal Audit is considered the third line in the Institute of Internal Auditors “Three Line Model”, providing an independent assessment of Management’s operational activity and oversight arrangements. Further details are provided within this report and Appendix A.

<b>External Consultees:</b>	No external parties were consulted in the preparation of this report
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>

P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
<p>The Annual Internal Audit Opinion is based on a risk-based review of Council activities over the financial year. The core responsibility on Internal Audit is to help an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p> <p>The priority Internal Audit links to most strongly is therefore governance, although the scope of governance and therefore Internal Audit can extend to all Council activities and all activities that support the delivery of the East Suffolk Strategic Plan.</p>			

## Background and Justification for Recommendation

<b>1</b>	<b>Background facts</b>
1.1	The Accounts and Audit Regulations 2015 require the Council to provide an effective internal audit, taking into account public sector internal auditing standards or guidance.
1.2	In England, public authority Internal Audit standards are set out in CIPFA's Public Sector Internal Audit Standards (2017)
1.3	Standard 2450 requires that within the public sector: <i>The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.</i>

	<p><i>The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.</i></p> <p><i>The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.</i></p>
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## 2 Current position

2.1	In order to provide an annual internal audit opinion for 2022/23, the Head of Internal Audit established a risk-based plan that took account of the Council's objectives and risks, and prioritised the Internal Audit activity for the year.
2.2	The risk based Internal Audit Plan was initially agreed on 14 March 2022 and revised on 12 December 2022. Both instances were endorsed by the Audit and Governance Committee.
2.3	Detailed reports for each audit completed provide an assurance opinion for the area reviewed and highlight key issues. These detailed reports are provided to the Audit and Governance Committee throughout the year and are used to support the annual internal audit opinion.

## 3 How to address current situation

3.1	The Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control in 2022/23 is <b>Reasonable</b> .
3.2	The Audit and Governance Committee is asked to acknowledge the annual internal audit opinion, taking into consideration the risk and control areas reviewed during the year that support the overall opinion and are set out in the detailed report within Appendix A.
3.3	The Audit and Governance Committee is asked to note the statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme, also set out in Appendix A

## 4 Reason/s for recommendation

4.1	To ensure the Committee fulfils its terms of reference, ensuring that the Internal Audit process feeds into the Council's governance framework and enabling good governance over public funds.
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## Appendices

### Appendices:

<b>Appendix A</b>	Internal Audit Annual Opinion Report 2022/23
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### Background reference papers:

None
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