



AUDIT & GOVERNANCE COMMITTEE

Monday, 28 June 2021

Subject	ANNUAL INTERNAL AUDIT REPORT 2020/21
Report by	Councillor Maurice Cook Cabinet Member with responsibility for Resources
Supporting Officer	Mrs Siobhan Martin Head of Internal Audit siobhan.martin@eastsuffolk.gov.uk 01394 444254

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

Purpose and high-level overview

Purpose of Report:

The Annual Internal Audit Report 2020/21 (Appendix A) details the work undertaken by the Internal Audit Service for the year 2020/21 in accordance with the plan for the year presented to the Committee in September 2020.

Options:

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

Recommendation:

That the Head of Internal Audit's Opinion for 2020/21, as set out in Appendix A to the report, be commented upon.

Corporate Impact Assessment

Governance:

This report is being presented to the Audit & Governance Committee 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 entire Internal Audit plan and outputs directly support the governance environment which proactively contributes to delivering the East Suffolk Strategic Plan.

Environmental:

Internal Audit actions are fundamental to support the Council's foundations of corporate governance, risk, and control. This report indirectly supports the Council's environmental aims by including actions relating to environmental and sustainability issues where appropriate.

Equalities and Diversity:

Internal Audit actions are fundamental to support the Council's foundations of corporate governance, risk, and control. There are no direct equalities and diversity implications, although this report indirectly supports the Council's approach to ethics, equality, and diversity where relevant audit actions in this area have been raised.

Financial:

Delivering the Internal Audit Service Plan in addition to the reactive work performed during the year is an essential element in mitigating the risk of losses arising from error, irregularity, and fraud. Internal Audit actions are fundamental to support the Council's foundations of corporate governance, risk, and control. The agreed actions produced by Internal Audit contribute to the Council's efficiency, effectiveness, and economy, and mitigate the financial and reputational risk of losses arising from error, irregularity, and fraud.

Human Resources:

Internal Audit actions are fundamental to support the Council's foundations of corporate governance, risk, and control. This may from time to time include internal audit actions relating to staffing, training or other human resources impacts where appropriate.

ICT:

Internal Audit actions are fundamental to support the Council's foundations of corporate governance, risk, and control. This includes technical governance and ICT impacts where relevant audit actions in this area have been raised.

Legal:

Internal Audit actions are fundamental to support the Council's foundations of corporate governance, risk, and control. This may include mitigating the risk of negative legal impacts and improving achievement of legal requirements via audit actions.

The Local Government Act 1972 and the Accounts and Audit Regulations 2015 require a relevant authority to '...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering public sector internal auditing standards or guidance.'

Risk:

Internal Audit is considered the "third line of defence" in risk management, providing independent assurance on the effectiveness of governance, risk management, and internal controls in the Council. All audit actions reported for monitoring as part of this report are to support the effective management of risk and assist the Council in achieving its corporate objectives.

External Consultees:

No external parties were consulted in the preparation of this report.

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P14	Review service delivery with partners	<input checked="" type="checkbox"/>	<input type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
How does this proposal support the priorities selected?			
<ol style="list-style-type: none"> Internal Audit recommendations and advice support a robust corporate governance framework. The work of Internal Audit Services represents a fundamental function in delivering the Council's Corporate Governance responsibilities. The implications and benefits of agreed recommendations produced by Internal Audit affect all areas by improving controls and processes, which contribute towards efficient and effective management of services. 			

Background and Justification for Recommendation

1 Background facts

1.1	This Annual Report provides the Committee with an overview of the Internal Audit Service for 2020/21, in accordance with the Public Sector Internal Audit Standards 2013 (Amended 2016 and 2017) (PSIAS).
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2 Current position

2.1	The report attached at Appendix A sets out the Head of Internal Audit's opinion on the Council's control environment for 2020/21.
2.2	The report also details the work covered by the Internal Audit Team during 2020/21, which contributed towards the Head of Internal Audit's opinion, alongside the other sources of assurance set out in the report.

3 How to address current situation

3.1	It is the Head of Internal Audit's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's systems of governance, risk management and internal control in the year to 31 March 2021.
3.2	The Internal Audit Plan for 2021/22 will continue to identify system weaknesses and/or non-compliance with expected controls, and to bring these to the attention of management and include appropriate recommendations and agreed action plans.

4 Reason for recommendation

4.1	To ensure the Committee fulfils its terms of reference and supports the Internal Audit process, enabling good governance over public funds.
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Appendices

Appendices:

Appendix A	Annual Internal Audit Report 2020/21
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Background reference papers:

Date	Type	Available From
Sept 2020	Annual Audit Plan 2020/21	Head of Internal Audit
April 2017	Public Sector Internal Audit Standards	