



AUDIT & GOVERNANCE COMMITTEE

Monday, 25 July 2022

Subject	Annual Internal Audit Opinion 2021/22
Report by	Councillor Maurice Cook, Cabinet Member with responsibility for Resources Councillor Edward Back, Assistant Cabinet Member for Resources
Supporting Officer	Mrs Siobhan Martin Head of Internal Audit siobhan.martin@eastsoffolk.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:

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 2021/22.

Options:

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

Recommendation/s:

That having considered and commented upon the Head of Internal Audit's Annual Opinion Report for 2021/22, the Committee notes the report.

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.

External Consultees:	No external parties were consulted in the preparation of this report
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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 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"/>
T02	Enabling our Communities		
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"/>
T03	Maintaining Financial Sustainability		
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"/>
T04	Delivering Digital Transformation		
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"/>
T05	Caring for our Environment		
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"/>
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?

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.

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.

Background and Justification for Recommendation

1	Background facts
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:

	<p><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. 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 2021/22, 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 in March 2021 and revised in December 2021. 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 2021/22 is Reasonable .
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:	
Appendix A	Annual Internal Audit Opinion 2021/22

Background reference papers:

Date	Type	Available From
2017	Public Sector Internal Audit Standards	CIPFA
2021	Annual Audit Plan 2021/22	CMIS
2021/22	Recently Issued Internal Audit Reports	CMIS

Appendix A:

Annual Internal Audit Opinion 2021/22



Effective	Evaluated controls are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives are being met.
Reasonable	Some specific control weaknesses were noted and some improvement is needed; evaluated controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Limited	Evaluated controls are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
Ineffective	Evaluated controls are not adequate, appropriate, or effective. Internal Audit cannot provide reasonable assurance that risks are being managed.

1. HEAD OF INTERNAL AUDIT'S OPINION

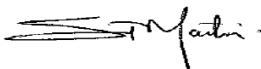
This report is the Head of Internal Audit's annual statement on the adequacy and effectiveness of the systems of governance, risk management and internal control within East Suffolk Council for the year ended 31 March 2022.

It is my opinion that **reasonable assurance** can be placed upon the systems in place that ensure risks are being managed and objectives should be met.

One important corporate improvement area is yet to be concluded:

Procurement – there remains a lack of a procurement strategy and plan.

The Head of Internal Audit has performed her duties in accordance with CIPFA's guidance on the Role of the Head of Internal Audit. In giving the audit opinion it should be noted that assurance can never be absolute, and the opinion is professional judgement based on the results of a number of individual engagements and other activities for the specific time interval. The most that can be provided is a reasonable assurance that objectives and goals may be achieved.



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Siobhan Martin
Head of Internal Audit

2. Impact of the Covid-19 Pandemic

- 2.1 Although an improving position during 2021/22, the impact of the COVID-19 pandemic on all public services has been considerable. As the Head of Internal Audit it has raised the question of whether I have undertaken sufficient internal audit work to gain assurance during 2021/22 to enable my opinion. I have carefully considered the risk based internal audit work completed for the year, which includes the programmed strategic internal audit plan, along with a flexible approach taken to ensure coverage of new schemes and ongoing demands driven by the COVID-19 pandemic.
- 2.2 I am satisfied that internal audit priorities realigned to the new risks and changes driven by the impact of the COVID-19 pandemic throughout 2021/22 and are adequate to support my Head of Internal Audit opinion.

3. Basis of Opinion

- 3.1 The Head of Internal Audit is required to provide an independent opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework. This includes consideration of the performance of the Internal Audit service and any significant risk or governance issues and control failures which arise.
- 3.2 My evaluation of the control environment is informed by a number of sources:
- the planned audit work undertaken by internal audit during the year;
 - consultancy and additional work requested and performed throughout the year;
 - reactive risk based work performed as a direct result of the COVID-19 pandemic or other external requirements;
 - the preparation and ongoing review of the strategic internal audit plan;
 - reports issued by the Council's external auditors or other assurance providers;
 - my representation within Corporate Management Team (CMT), governance days and direct line management contact with the Chief Executive
 - my knowledge of and involvement in the Council's governance, risk management, performance monitoring and internal control arrangements; and
 - the on-going work with management to assess and provide assurance on the efficiency, effectiveness and reliability of key systems.
- 3.3 Four categories are used to classify the overall level of assurance of the processes examined and the adequacy of the individual key control area. These are Effective, Reasonable, Limited and Ineffective. A clear definition of each has been supplied in a table at the start of this report.

4. Summary of work undertaken that supports the Annual Internal Audit Opinion 2021/22

- 4.1 For the 2021/22 year, my overall opinion is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control system. The 2021/22 audit plan was revised and agreed by the Audit and Governance Committee in December 2021; the revised plan provides the minimum necessary assurances for me to deliver the Annual Audit Opinion. There is no qualification to this opinion, but it is highlighted that improvements are still required in one strategic area as detailed within Section 1.
- 4.2 The primary performance output of the Internal Audit Service is delivery of the annual risk based plan. Where an assurance opinion has been provided, 93% of internal audit work completed during 2021/22 has yielded an acceptable level of assurance (effective or reasonable). For those audit reviews that have identified a need for improvement, actions

have been agreed to improve controls and are closely monitored until such time as they are addressed.

- 4.3 Any outstanding weaknesses in the governance, risk and control framework will continue to be followed up by Internal Audit. Senior officers have agreed an improvement action plan to enable governance improvements as part of the Annual Governance Statement assurance process; these are also monitored within the Corporate Risk Register and overseen by the governance arrangements in place at the Council.
- 4.4 The Head of Internal Audit has not received any formal reports or been advised of internal frauds or Whistleblowing cases during 2021/22.
- 4.5 No significant issues have raised by the Internal Audit Service that required referral to the Corporate Risk Management Group for assessment and possible recording in the Council's Risk Register.
- 4.6 Table 1 summarises the audit work undertaken during 2021/22 where an individual audit opinion was given. The individual audit opinion is an independent and objective conclusion on the risk and controls of the area under review, as set out in the relevant terms of reference. Three audits are currently being reported and finalised; the Head of Internal Audit has relied on the evidence seen during fieldwork when using these audit areas as part of her opinion.

Table 1: Annual Audit Plan 2021/22 (as revised December 2021) reviews completed with an assurance audit opinion

Audit	Assurance
COVID-19 Test and Trace Service Support 31/5075 Grant Certification	Effective
Organic Green Waste (Financial Control)	Effective
Protect and Vaccinate Grant Certification [Addition to the revised Annual Audit Plan 2021/22]	Effective (DRAFT)
Disabled Facilities Grant Certification	Reasonable
COVID-19 Local Authority Compliance and Enforcement Grant Certification	Reasonable
COVID-19 Restart Grant Certification	Reasonable
Capital Accounting	Reasonable (DRAFT)
Key Financial Controls	Pending: Fieldwork completed, reporting in progress

Performance Monitoring of Planning Enforcement	Limited
National Non Domestic Rates (Business Rates) ¹ Undertaken by East Suffolk Council Internal Audit	Adequate/Reasonable
National Non Domestic Rates: Supplemental (System Access) Undertaken by East Suffolk Council Internal Audit	Adequate/Reasonable
Recovery of Council Tax and Housing Benefit Overpayments Undertaken by West Suffolk Council Internal Audit	Adequate/Reasonable
Council Tax Billing, Housing Benefit and Local Council Tax Reduction Scheme Undertaken by West Suffolk Council Internal Audit	Adequate/Reasonable
ARP Enforcement (Bailiff Services) Undertaken by Fenland District Council Internal Audit	Good/Substantial

4.7 Table 2 summarises the audit work undertaken where a specific audit was completed and although an individual audit opinion was not appropriate the audit work and conclusions have contributed towards the Head of Internal Audit's yearly opinion. This table includes specific consultancy or due diligence projects where no formal report is required.

Table 2: Annual Audit Plan 2021/22 (as revised December 2021) reviews completed where no formal opinion is offered

Audit	Summary of work / Comments
New Financial Procedure Rules	Provision of advice and guidance on proposed amendments to the Council's Financial Procedure Rules
Port Health PRS Project Due Diligence	Attendance at Project Board meetings for due diligence for the Philis Replacement System
COVID-19 Corporate Fraud Support	Supporting the work of the Corporate Fraud Service in undertaking pre-investigation enquiries, analysing data, and delivering mandated pre-payment checks for grant recipients for the following business grant schemes: <ul style="list-style-type: none"> • Restart Grants • Plan for the Future • Omicron Hospitality and Leisure • Additional Restrictions Grants

¹ The assurance for audits relating to the Anglia Revenues Partnership uses the former opinion categories of Good, Adequate, Limited and No Assurance.

NFI - Matches	Review of potential matches and undertaking pre-investigation enquiries for the identification of fraud through data matching exercises with the Cabinet Office.
BEIS COVID-19 Post Payment Assurance Scheme	Collating and preparing post payment assurance information for provision to the Department for Business, Energy & Industrial Strategy from the COVID-19 business grant schemes: <ul style="list-style-type: none"> • Small Business Grant Fund • Retail Hospitality and Leisure Grant Fund • Discretionary Grant Fund • Local Restrictions Support Grant (multiple categories) • Closed Business Lockdown Payment • Wet-Led Pubs
Homelessness Prevention Grant Top-Up Grant Certification	Addition to the revised Annual Audit Plan 2021/22: Grant Certification to support a declaration required from the Chief Internal Auditor and Chief Executive.
Financial Sustainability Theme	Addition to the revised Annual Audit Plan 2021/22: Attendance at group meetings

4.8 Table 3 summarises the ongoing activity undertaken by the Head of Internal Audit and other members of the audit team to support Council governance. Assurance on these activities includes confirmation of their continuing nature.

Table 3: Annual Audit Plan 2021/22 (as revised December 2021) ongoing assurance activity where no formal opinion is offered

Audit area	Summary of work / Comments
Corporate Governance and Risk Management Support	Head of Internal Audit attendance at the Corporate Governance and Corporate Risk Management Groups, and provision of independent professional advice.
Annual Governance Statement Framework	Attendance on AGS Working Group to support changes arising from any revisions to the CIPFA & SOLACE code of practice and provide controls advice/gap analysis in connection with Internal Audit work.
Local Authority Trading Company Development	Addition to the revised Annual Audit Plan 2021/22: Head of Internal Audit attendance of the workstream developing the Local Authority Trading Company since January 2022.

4.9 In December 2021 the Audit and Governance Committee agreed a revised audit plan following staff changes and increased demand for COVID-19 related assurance. Table 4 summarises work that was planned in the revised annual plan that was not undertaken. Amendments were made in line with the principles of risk based audit planning: that the Head of Internal Audit must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls. Audits in Table 4 and their impact on the Council's key business objectives and

associated risks were carefully considered before a decision was made, and commentary has been provided on the reasons why this work was either cancelled or deferred.

Table 4: Planned audit work in the Annual Audit Plan 2021/22 (as revised December 2021) that has been cancelled or deferred		
Audit	Status	COMMENTS
COVID-19 Grants (local grants)	Deferred	Replaced with two additional audits
COVID-19 Test and Trace Support Grant Certification	Deferred	Deferred to Q1 2022/23 at the request of the service area
Budget Monitoring	Deferred	Deferred to 2022/23

5. Conformance with the Public Sector Internal Audit Standards

5.1 The Public Sector Internal Audit Standards (PSIAS) are the national guidelines mandated to all internal audit providers within local government. The PSIAS set core definitions and requirements for the provision of internal audit, in order to

- define the nature of internal auditing within the UK public sector
- set basic principles for carrying out internal audit in the UK public sector
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning

5.2 External Quality Assessment is required every five years, and in 2019/20 the EQA concluded that East Suffolk Council Internal Audit Service conforms with all key elements of the PSIAS.

5.3 Internal Quality Assessment is embedded in the routine activity of the internal audit function, and includes

- Audit staff supervision by senior members of the team
- Peer and management review of internal audit work
- Allocation of work to audit staff with the appropriate skills and competencies
- Maintenance of policies and procedures at operational and strategic levels
- Stakeholder feedback
- An improvement action plan, reported below in section 6
- Periodic internal self assessment
- Informal fortnightly and formal quarterly progress monitoring

5.4 All audit activity undertaken by East Suffolk Council internal audit during 2021/22 was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

6. Quality Assurance and Improvement Programme

6.1 A quality review process exists within the Internal Audit Team, designed to maintain ongoing compliance:

- All work carried out is peer reviewed by a Senior Auditor or above to ensure that audit work has been performed in accordance with the agreed objectives for that audit, and that risk based assessments and fair conclusions have been reached based on clearly demonstrable evidence. No member of the audit team may review their own work when providing assurance.
- The audit team involved in an audit provide feedback at the end of the process to identify opportunities for improvement or development.
- The audit team confirm compliance with PSIAS as part of each reported audit.
- At the conclusion of an audit a customer satisfaction survey is provided to Service Managers to complete. This gives the opportunity for the customer to give their view of the quality and usefulness of the audit review undertaken. Negative feedback is rare and when received will be investigated by the Internal Audit Manager and reported to the Head of Internal Audit.
- Audit Management undertakes quarterly monitoring of progress and improvement actions. This frequency has reduced during 2021/22 due to the impact of the COVID-19 pandemic, and although temporary this has been recognised as a point for improvement.

6.2 Continued compliance with PSIAS is verified through ongoing self-assessment and a programme of continual improvement: the Quality Assurance and Improvement Programme.

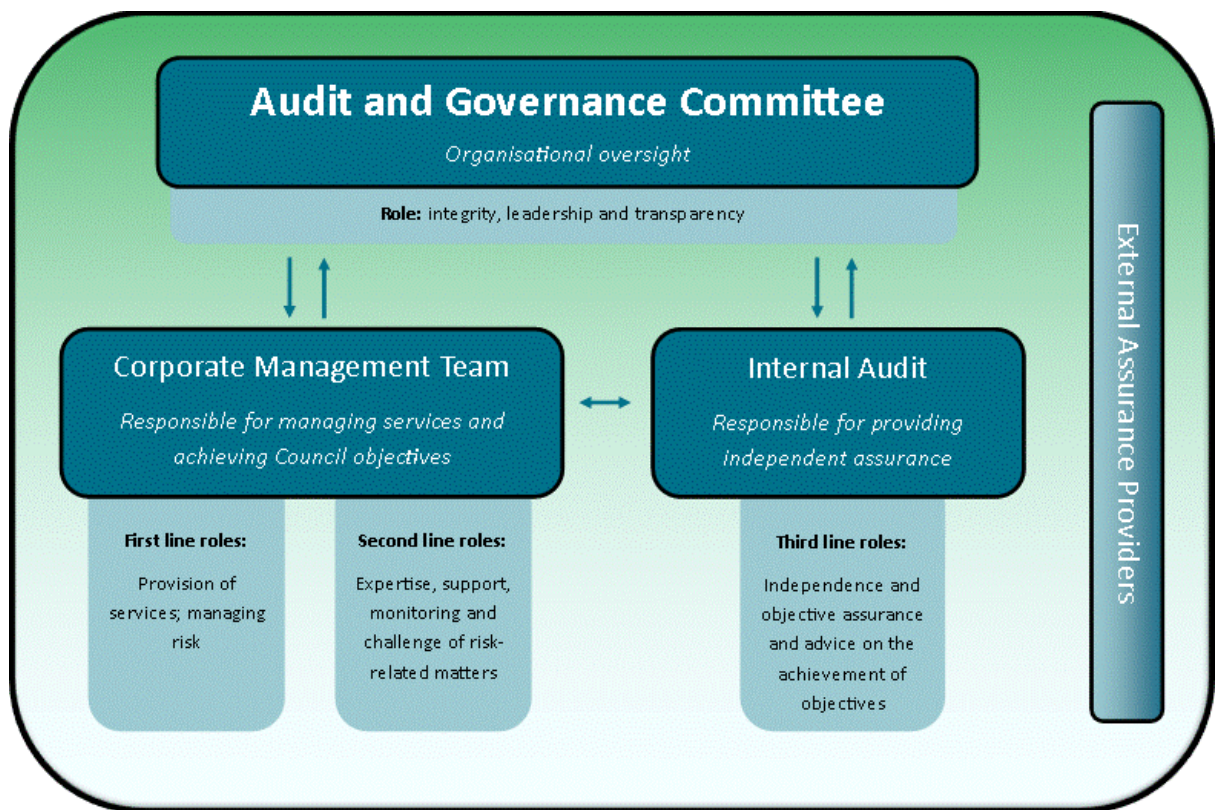
6.3 The Quality Assurance and Improvement Programme (QAIP) Action Plan incorporates actions from self-assessment and external quality assessment. During 2021/22 one action has been completed, two have been reassessed as low priority and five actions are carried forward into 2022/23.

6.4 The last external quality assessment (EQA) was undertaken in 2019/20 and reported to Members in that year. A minimum five-year cycle is expected and no EQA was necessary or undertaken in 2021/22. At the time of reporting the internal self-assessment for 2021/22 is being finalised and any actions arising will be incorporated into the QAIP Action Plan 2022/23.

6.5 During 2021/22 the Head of Internal Audit has approved and overseen changes to the staff structure and procedural changes, both of which have been implemented to improve the service provided, and to adapt to increased demand, the ever changing risk environment and the introduction of East Suffolk Council. These improvements are ongoing and will continue throughout 2022.

7. Purpose of Internal Audit and the Annual Internal Audit Opinion

7.1 The internal audit function is an integral part of the Council's governance, providing independent assurance on how the organisation manages its activities to the Audit and Governance Committee as part of the Institute of Internal Auditors' Three Lines Model (2020):



7.2 Internal Audit is an independent appraisal function of the Council. It objectively examines, evaluates and reports on the adequacy of internal control and governance as a contribution to the proper, economic, efficient and effective use of resources.

7.3 The statutory basis for Internal Audit in local government is provided by the Accounts and Audit Regulations 2015 which require a local authority to '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'.

- 7.4 The service undertakes a strategic risk based annual programme of work approved by the Audit and Governance Committee. The strategic audit plan is amended throughout the year to reflect evolving risks and changes within the Council, and is designed to enable the Head of Internal Audit to provide an annual overall opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 7.5 The annual internal audit opinion is timed so that it gives assurance to the Chief Executive and Leader of the Council when signing the Annual Governance Statement, which is the statement that accompanies the Annual Accounts and reports on Management's own assessment on the effectiveness of the Council's governance and internal control arrangements. The opinion may also be taken into account by the Audit and Governance Committee when considering the Council's Annual Governance Statement.
- 7.6 External Audit may also place reliance upon Internal Audit's work coverage during their own assessment of whether system controls are adequate and effective.

8. Internal Audit and the role of Assurance within the Organisation

- 8.1 The mission of the Internal Audit Service is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. To provide this service Internal Audit must have freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.
- 8.2 Independence and objectivity are embedded in work of internal audit, as set out in the Public Sector Internal Audit Standards, the Council's local Internal Audit Charter and the Council's Constitution.
- 8.3 During 2021/22, the Head of Internal Audit confirms that the internal audit activity was independent and objective from the organisation, in accordance with the requirements of the PSIAS.
- 8.4 As highlighted in this section and the Three Lines of Defence model, internal audit must remain independent and impartial from delivering wider Council services. It remains the responsibility of the Council's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. The Head of Internal Audit is responsible for providing an annual overall assessment of the robustness of the internal control system.
- 8.5 It should be noted that a sound system of internal control reduces but cannot eliminate the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees, management or other parties overriding

controls, and/or the occurrence of unforeseeable circumstances. A robust system of internal control, whilst essential to establish and maintain, cannot provide guaranteed protection against any organisation failing to meet its objectives or material errors, losses, fraud, or breaches of laws or regulations.

- 8.6 The Head of Internal Audit's annual opinion therefore provides reasonable, but not absolute, assurance that the Council has systems in place to identify and manage risks effectively and that the organisation's goals and objectives will be achieved efficiently and economically.