

AUDIT & GOVERNANCE COMMITTEE
18 June 2021

Internal Audit & Counter Fraud Annual Report and Opinion 2020-21

SUMMARY AND PURPOSE:

The purpose of this report is to give an opinion on the adequacy of Surrey County Council's control environment as a contribution to the proper, economic, efficient and effective use of resources. The report covers the audit work completed in the year from 1 April 2020 to 31 March 2021 in accordance with the Internal Audit Strategy for 2020/21.

RECOMMENDATIONS:

Members are asked to:

- (i) Note the work undertaken and the performance of Internal Audit in 2020/21 and the resultant annual opinion of the Chief Internal Auditor; and
- (ii) Determine whether there are any matters that the Committee wishes to draw to the attention of the Cabinet or full Council;
- (iii) Consider whether the Council's arrangements for internal audit have proved effective during 2020/21

BACKGROUND:

1. All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 'must 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'. Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.
2. It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.
3. No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide reasonable assurance that Surrey County Council had in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2020 to 31 March 2021.
4. This opinion, and the evidence that underpins it, is further explained in the full Internal Audit Service's Annual Report and Opinion which forms Annexe A of this report. The report highlights:
 - Key issues for the year, including a summary of all audit opinions provided;
 - Progress on implementation of high-risk recommendations;
 - Key financial systems;
 - Other internal audit activity;
 - Effect of COVID-19 on planned work; and
 - Anti-fraud and corruption coverage.

5. A summary of the major findings from audit reviews completed during quarter 4 of 2020/21 is included in Annexe B (major findings from previous quarters have already been reported).
6. Finally, Section 6 of the annual report sets out details of internal audit performance for the year, including details of compliance against the relevant professional standards. Note that one of the key performance indicators was suspended during the year due to the ongoing effect of the pandemic on the delivery of the original agreed annual audit plan.

INTRODUCTION:

7. During 2020/21 the Surrey County Council Internal Audit team has continued to work closely with the two partner internal audit teams to share best practice and align working methodologies, facilitated by a shared audit management system. Collaborative working has led to changes in various aspects of Internal Audit practice and process, and has achieved economies in the delivery of audits through the development of specialisms and more effective joint working.

IMPLICATIONS:

8. Financial
Equalities
Risk management and value for money
9. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report would be progressed through the agreed Reporting and Escalation Policy.

WHAT HAPPENS NEXT:

10. The Chief Internal Auditor and Audit Manager will continue to update management and members on the progress of issues within this report that have not been fully concluded.

REPORT AUTHORS: **Russell Banks, Chief Internal Auditor**
 David John, Audit Manager

CONTACT DETAILS: telephone: 07824 362739
 email: russell.banks@eastsussex.gov.uk

 telephone: 07768 235586
 email: david.john@surreycc.gov.uk
