

Brighton & Hove City Council

Audit & Standards Committee

Agenda Item 7

Subject: Internal Audit Annual Report and Opinion 2021-22

Date of meeting: 28 June 2022

Report of: Executive Director of Governance, People and Resources

Contact Officer: Name: Carolyn Sheehan
Tel: 07795 335692
Email: carolyn.a.sheehan@brighton-hove.gov.uk

Name: Russell Banks
Tel: 07824 362739
Email: russell.banks@eastsussex.gov.uk

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1 The purpose of this report is to give an opinion on Brighton and Hove City Council's control environment for the year from the 1 April 2021 to 31 March 2022.

2. Recommendations

- 2.1 That Committee note the Internal Audit Service's opinion on the Council's control environment (Annex A)
- 2.2 The Committee note any significant control issues that should be included in the Council's Annual Governance Statement for 2021/22
- 2.3 The Committee note that the Council's system for internal audit has proved effective during 2021/22

3. Context and background information

3.1 The purpose of this report is to give an opinion on the adequacy of Brighton and Hove City 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 2021 to 31 March 2022 in accordance with the Internal Audit Strategy for 2021/22.

3.2 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.

3.3 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.

4. Analysis and consideration of alternative options

4.1 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide reasonable assurance that Brighton and Hove City Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2021 to 31 March 2022.

4.2 This opinion and the evidence that underpins it, is further explained in the full Internal Audit Annual Report and Opinion which forms Annex A of this report.

4.3 The report highlights key issues for the year, including a summary of all audit opinions provided, key financial systems and other internal audit activity in Appendix B.

4.4 There is a separate report of Counter Fraud activity to be presented alongside this report.

4.5 A summary of the major findings from audit reviews completed during quarter 4 of 2021/22 is included in Annex B. Major findings from previous quarters have already been reported to Audit and Standards Committee.

4.6 Finally, Appendix A of the annual report sets out details of internal audit performance for the year, including details of compliance against the relevant professional standards.

5. Community engagement and consultation

5.1 The annual report has been informed by internal audit and counter fraud work carried out during the year which has included extensive engagement with officers and members.

6. Conclusion

6.1 The committee is recommended to note the Internal Audit Service's opinion on the Council's control environment, consider whether

there are any significant issues that should be included in the Council's annual governance statement for 2021/22 and consider whether the Council's system for internal audit has proved effective.

7. Financial implications

- 7.1 There are no direct financial implications arising from this report. Sound corporate governance, risk management and control are essential to the financial health and reputation of the council.

Name of finance officer consulted: James Hengeveld Date consulted (06/06/22):

8. Legal implications

- 8.1 The Accounts and Audit Regulations (England) 2015 require that the findings of the effectiveness review be considered by Council or one of its committees. The Audit and Standards Committee is the Council's designated committee for this purpose. Lawyer Consulted: Victoria Simpson Date: 9/6/21

- 8.2 Name of lawyer consulted: Victoria Simpson Date consulted 10/6/2022:

9. Equalities implications

- 9.1 None

10. Sustainability implications

- 10.1 None

Supporting Documentation

1. Appendices

1. Annex A – Annual Report and Opinion 2021-22
2. Appendix A – Performance Indicators 2021/22
3. Appendix B – Summary of Opinions for Reports Issued During 2021/22
4. Annex B – Internal Audit Work Completed in Quarter 4 2021/22

