

**Agenda item 5**

<b>AGS/33/19</b>	
<b>Report title:</b> Internal Audit and Counter Fraud Annual Report 2018/19	
<b>Report to:</b> Audit, Governance and Standards Committee	
<b>Report author:</b> Paula Clowes, Head of Assurance	
<b>Date:</b> 3 June 2019	<b>For:</b> Note
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<b>County Divisions affected:</b> All Essex	

**1. Purpose of Report**

- 1.1. The Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective internal audit service in accordance with proper practices. The UK Public Sector Internal Audit Standards requires that the Chief Audit Executive (Head of Assurance) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement (AGS). The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's control environment (framework of governance, risk management and control).
- 1.2. The Internal Audit and Counter Fraud Annual Report (see Appendix 1) also provides oversight of Internal Audit & Counter Fraud activity for 2018/19.

**2. Recommendation**

- 2.1. Audit Committee members are requested to note the Internal Audit and Counter Fraud Annual Report and the opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

**3. Summary of the issue**

- 3.1. The overall internal audit opinion of the internal control environment (framework of governance, risk management and internal control) for 2018/19 is one of **adequate** assurance, which means that although there are some weaknesses which may put individual system/process/service objectives at risk of achievement, there is an overall satisfactory system of internal control, appropriately designed to meet the Council's objectives, and controls are generally being applied consistently.

#### **4. Financial Implications**

- 4.1. There are no financial implications as the Internal Audit activity for 2018/19 was met within existing resources, approved by the Audit Committee in March 2018.

#### **5. Legal Implications**

- 5.1. Internal audit is a key way in which councillors can be assured that the Council is using its resources effectively and that the Council is discharging its fiduciary duties concerning taxpayers' money. It helps services to design systems which have appropriate controls and also helps identify and respond to breaches if they occur. This report seeks to update the Committee on the activities of the Council's Internal Audit and Counter Fraud service for the purposes of providing further assurance.

#### **6. Staffing and Other Resource Implications**

- 6.1. There are no staffing or resource implications.

#### **7. Equality and Diversity Implications**

- 7.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 7.3. Equality and diversity matters have been considered in the production of the progress report.

#### **8. List of Appendices**

Appendix 1 – Internal Audit and Counter Fraud Annual Report 2018/19