

# Brighton & Hove City Council

## Audit, Standards and General Purposes Committee

## Agenda Item 9

**Subject:** Internal Audit Annual Report and Opinion 2024/25

**Date of meeting:** 24<sup>th</sup> June 2025

**Report of:** Director of Finance and Property (S151)

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**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 2024 to 31 March 2025.
- 1.2 The report also provides members with an update on all internal audit and counter fraud activity completed during quarter 4 (2024/25), including a summary of all key audit findings.

### **2. Recommendations**

- 2.1 That the Committee note the work undertaken and the performance of Internal Audit in 2024/25 and the resultant annual opinion of the Chief Internal Auditor.
- 2.2 Determine whether there are any matters that the Committee wishes to consider for the inclusion in the Council's Annual Governance Statement.
- 2.3 That the Committee agrees that the Council's arrangements for internal audit proved effective during 2024/25.

### **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 2024 to 31 March 2025 in accordance with the Internal Audit Strategy 2024/25.

- 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 partial 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 2024 to 31 March 2025.

- 4.2 This opinion and the evidence that underpins it, is further explained in the full Internal Audit Annual Report and Opinion, attached as Appendix 1.

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

- 4.4 There is a separate report on 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 2024/25 is included in Appendix 2. Major findings from previous quarters have already been reported to Audit and Standards Committee.

- 4.6 Finally, Appendix A of the annual report (Appendix 1) 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. Financial implications**

- 6.1 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.

- 6.2 The audit opinion is partial assurance for a second year. Prompt and robust action is required to address findings. Any financial implications of doing so will be reported through the council's Targeted Budget Management reporting cycle.

Name of finance officer consulted: Haley Woollard      Date consulted : 22/05/25

## **7. Legal implications**

- 7.1 The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account Public Sector Internal Audit Standards. Reviewing the work planned and completed by the Council's internal audit function is a key part of the Audit and Standards Committee's delegated functions.

Name of lawyer consulted: Victoria Simpson      Date consulted 27/05/2025

## **8. Risk implications**

- 8.1 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. The Council's Internal Audit Strategy and Plan is developed based on a combination of management's assessment of risk (including that set out within the departmental and strategic risk registers) and our own risk assessment of the Council's major systems and other auditable areas. Issues arising from individual audit reports, summarised in quarterly progress reports to this Committee, have been presented to management and action plans have been formally agreed to mitigate risks. 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.

## **9. Equalities implications**

- 9.1 There are no direct equalities implications

## **10. Sustainability implications**

- 10.1 There are no sustainability implications

## **11. Other Implications**

- 11.1 There are no other implications

## **12. Conclusion**

- 12.1 The Committee is recommended to note the report and 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 2024/25 and consider whether the Council's system for internal audit has proved effective.

## **Supporting Documentation**

### **Appendices**

1. Internal Audit Annual Report and Opinion 2024/25
2. Internal Audit and Counter Fraud Quarter 4 Progress Report 2024/25