

## **Audit and Governance Committee**

Meeting to be held on 29 September 2014

Electoral Division affected: All
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### **Internal Audit annual report to Lancashire County Council for 2013/14**

(Appendix A refers.)

Contact for further information:

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#### **Executive Summary**

The annual report to Lancashire County Council is included at Appendix A to this report.

The Committee has considered periodic reports of progress throughout the year that support this overall report and the conclusion that limited assurance can be provided over the council's systems of internal control and governance.

#### **Recommendation**

The Committee is asked to consider the Internal Audit Service annual report for 2013/14.

#### **Background and advice**

The Internal Audit Service complies with the professional standards of the Chartered Institute of Public Finance and Accountancy, which established Public Sector Internal Audit Standards with effect from 1 April 2013. These are drawn from the Chartered Institute of Internal Auditors' International Professional Practices Framework, comprising a definition of internal auditing, a Code of Ethics, and International Standards.

The Public Sector Internal Audit Standards and supporting Application Note require a chief internal auditor to deliver an annual internal audit opinion and report that can be used to inform the council's 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. The annual report must incorporate the opinion, a summary of the work that supports the opinion, a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

The work on which this report is based is in accordance with the annual internal audit plan agreed by the Audit Committee on 24 June 2013, and has been reported in progress reports to each meeting of the Audit Committee during 2013/14.

### **Internal audit assurance**

Internal audit assurance is stated in the following terms:

**Full assurance:** there is a sound system of internal control which is designed to meet the service objectives and controls are being consistently applied.

**Substantial assurance:** there is a generally sound system of internal control, designed to meet the service objectives, and controls are generally being applied consistently. However some weakness in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.

**Limited assurance:** weaknesses in the design and/ or inconsistent application of controls put the achievement of the service objectives at risk.

**No assurance:** weaknesses in control and/ or consistent non-compliance with controls could result/ have resulted in failure to achieve the service objectives.

### **Consultations**

Not applicable.

### **Implications**

Not applicable.

### **Risk management**

This report supports the Audit and Governance Committee in undertaking its role, which includes providing independent oversight of the adequacy of the council's governance, risk management and internal control framework.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact
Not applicable.		

**Reason for inclusion in Part II, if appropriate:** Not applicable.