

Audit, Risk and Governance Committee
Meeting to be held on Monday, 22 July 2024

Electoral Division affected:
(All Divisions);

Internal Audit Annual Report 2023/24
(Appendices 'A' – 'E' refer)

Contact for further information:
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Brief Summary

The committee has considered periodic reports of progress throughout the year that support this overall report and the conclusion that moderate assurance can be provided over the county council's systems of internal control and governance. This report summarises the work that the Internal Audit Service has undertaken during 2023/24 and the key themes arising in relation to internal control, governance and risk management across the county council.

Recommendation

The Audit, Risk and Governance Committee is asked to review this annual report including the information it provides to support the county council's Annual Governance Statement for the year.

Detail

The Internal Audit Service is an assurance function that provides an independent and objective opinion on the adequacy and effectiveness of the county council's control environment.

The Public Sector Internal Audit Standards (PSIAS) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) require the Head of Internal Audit to provide an opinion on the county council's control environment and a written report to those charged with governance, timed to support the Annual Governance Statement.

Appendices

Appendices 'A' to 'D' are attached to this report. For clarification they are summarised below and referenced at relevant points within this report.



Appendix	Title
Appendix 'A'	The Internal Audit Annual Report for Lancashire County Council
Appendix 'B'	The scope and responsibilities of Internal Audit in support of the Head of Internal Audit's annual opinion.
Appendix 'C'	Defines the levels of assurance and residual risks.
Appendix 'D'	Extracts from audit reports of all completed individual assurance assignments.
Appendix 'E'	Extracts from audit reports following up implementation of agreed actions.

Consultations

The findings presented in this report have been discussed with the council's senior managers and directors, and specifically with the Chief Executive, Executive Director of Resources, and Director of Finance and Commerce.

Implications:

This item has the following implications, as indicated:

Legal

Internal audits must be carried out by every local government organisation, as stated by Section 151 of the Local Government Act 1972. The Internal Audit Service derives its authority from the county council through its Constitution. The purpose, authority and responsibility of the internal audit activity is formally defined in the Internal Audit Charter:

The legal framework for auditing of local authorities is set out in the Local Audit and Accountability Act 2014, with specific provision for internal audit requirements set out in the Accounts and Audit Regulations 2015. Regulation 5(1) of the Accounts and Audit Regulations provides: "A relevant authority 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."

Risk management

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

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A



