

Audit and Governance Committee

Meeting to be held on Monday, 26 September 2016

Electoral Division affected:
(All Divisions);

Internal Audit progress report

(Appendix A refers)

Contact for further information:

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Executive Summary

This report highlights key issues that the Audit and Governance Committee should be aware of in fulfilling its role of providing independent oversight of the adequacy of the Council's governance, risk management and internal control framework. It highlights key issues arising from the work undertaken during the period to 9 September 2016 by the Internal Audit Service under the agreed Internal Audit Plan.

Recommendation

The Audit and Governance Committee is asked to:

1. Note the Internal Audit Service progress report for the period to 9 September 2016, and
2. Consider the nature of the external validation of the Internal Audit Service's internal quality self-assessment, and support the proposal that this be undertaken by the Chartered Institute of Internal Auditors.

Background and Advice

Definition of internal auditing

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

"The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control."

*The Institute of Internal Auditors, and
Public Sector Internal Audit Standards, 2013*

Relevant regulations

Internal audit: "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."

Regulation 5. (1)

Review of internal control system: "A relevant authority must, each financial year (a) conduct a review of the effectiveness of the system of internal control ... and (b) prepare an annual governance statement."

Regulation 6. (1)

Accounts and Audit Regulations 2015

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

The Director of Governance, Finance and Public Services, and the Director of Financial Resources have been consulted on this report.

Implications:

None.

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/Tel
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Reason for inclusion in Part II, if appropriate

Not applicable.