

Open Report on behalf of Pete Moore, Executive Director for Finance and Public Protection

Report to:	Audit Committee
Date:	24 July 2017
Subject:	Internal Audit Annual Report

Summary:

This report gives the Head of Internal Audit opinion on the adequacy of the Council's Governance, Risk and Control environment and delivery of the Internal Audit plan for 2016/17.

Recommendation(s):

That the Committee consider the content of the Audit and Risk Manager's Head of Internal Audit Annual Report and any actions it may wish to take.

Background

1. The Annual Internal Audit Report aims to present a summary of the audit work undertaken over the past year. In particular:
 - Include an opinion on the overall adequacy of and effectiveness of the governance framework and internal control system and the extent to which the Council can rely on it;
 - Inform how the plan was discharged and of overall outcomes of the work undertaken;
 - Draw attention to any issues particularly relevant to the Annual Governance Statement.
2. The detailed report is attached in Appendix A.

Conclusion

3. Our internal audit service continues to work with the Audit Committee and Management to help the Council maintain effective governance, risk and control processes.

4. In forming my opinion I have also drawn upon other assurance intelligence in the Council.
5. During 2016/17 there have been a number of areas where we have identified the need for improved compliance and strengthening of the control processes. Overall the Council's control environment has remained inadequate due to the impact of the on-going issues with Payroll and the level of assurance over the Council's IMT function.
6. Taking all the information into account - I have assessed the:
 - Governance as **green/amber** – performing well with some improvements identified over the Council's governance, risk and control framework or to manage medium risks across the Council
 - Risk as green – Performing well with no concerns that significantly affect the risk management framework
 - Internal control environment as **red/amber**. Inadequate Performance – urgent management action identified (in progress) on major governance issue or high risk in a key system / process area which has a negative impact throughout the Council.
 - Financial control as amber – performing adequately with some improvement required to manage a high risk in a specific business area and medium risks across the Council.
5. The content of the Internal Audit Annual report has also informed the development of the Councils' Annual Governance Statement 2017 – due to be presented to this Committee.
6. We have also delivered 99% of the revised audit plan to agreed performance of 100% target.
7. Audit Lincolnshire conforms to the UK Public Sector Internal Audit Standards. This has been assessed through our Quality Assurance Framework and self-assessment as well as an external quality assessment completed autumn of 2016.
8. A quality assurance improvement plan is in place to help us continually improve and develop.

Consultation

a) Have Risks and Impact Analysis been carried out??

No

b) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Internal Audit Progress Report

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk.

This page is intentionally left blank