

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	13 July 2020
Subject:	Internal Audit Annual Report 2019/20

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 2019/20.

Recommendation(s):

That the Committee:

- (1) Consider the content of the Head of Internal Audit Annual Opinion and Report and any actions it may wish to take.
- (2) Review the results of Internal Audit work and delivery of the Internal Audit Plan - evaluating the overall effectiveness of the Internal Audit function in discharging its statutory responsibilities and meeting the Council's 'third line of defence' assurance needs.

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 – for example:
 - Combined Assurance Report
 - Information Assurance Annual Report
 - Monitoring Officer Annual Report
 - Risk management
 - Performance
 - Health and Safety
 - Procurement
5. For the twelve months ended 31 March 2020 the Council's arrangements for governance, risk management and control is unaffected by the coronavirus. That said, my opinion needs to be contemporary and take into account its impact on the Council's governance, risk and control environment.
6. Taking all the information into account - I have assessed the:

Governance 	Performing Adequately – Some improvements identified over the Council's Governance, Risk and Control framework or to manage medium risks across the Council
Risk 	Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council
Internal Control 	Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council
Financial Control 	Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council

This opinion is however **caveated** as it **not possible for us to quantify** the additional risk arising from the Council's response and recovery or the overall impact on the framework of governance, risk management and control.

7. The content of the Internal Audit Annual report has also informed the development of the Councils' Annual Governance Statement 2020 – due to be approved at this Committee.
8. We have also delivered **94%** of the revised audit plan to agreed performance of 100% target. The original audit plan of 1075 days was approved in March 2019. This plan was reduced in November to 851 days as approved by Corporate Leadership Team and the Audit Committee in November 2020. Additional resources had been secured but deployment and employment was affected by Covid-19. We are commencing another recruitment of a Senior Auditor following a number of internal promotions.
9. Assurance 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. We are due for an external assessment in 2021.

A quality assurance improvement plan is in place to help us continually improve and develop.

Our plan includes:

- Working with senior management improve progress and delivery monitoring / audit scheduling.
- Continuing professional development around new and emerging practice guidance.
- Adopting current thinking on LEAN methodology to deliver efficiencies, improve productivity and optimise the way we work- including better use of technology. / data analytics.
- Improving our performance management systems.
- Building resilience, empowerment and accountability within the team.

9. We continue to receive excellent feedback on our work and have a quality assurance improvement plan 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 Annual Report 2019/20

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 .