

Audit Committee

HR Internal Audit Update 21st July 2021

Report of Director of Corporate Services

PURPOSE OF REPORT

This report aims to provide a synopsis of work undertaken to address matters raised relating to the transition and onward development of Lancaster City Council's Internal Audit services.

This Report is Public

RECOMMENDATIONS

- (1) To note the progress made in further investigating and implementing work on provision of Internal Audit for Lancaster City Council.**
- (2) For information only.**

1.0 Introduction

- 1.1 This report provides an update on progress made since the previous Audit Committee on 9th June 2021

2.0 Details

- 2.1 The Audit activities and subsequent investigations regarding the HR, OD and Projects Team also identified a small number of matters arising with regard to risk, assurance and audit more generally, and these were also reported on in the Annual Report of our Lead Internal Auditor at the meeting held on 9th June 2021
- 2.2 The end of our Shared Service agreement for Audit provision provides an opportunity to review good practice, explore the latest guidance and design and implement an audit service that is fit for our rapidly changing future. Key priorities in doing this include:
 - Ensuring direct access to Executive for all Statutory officers, and a strong, independent peer relationship between our 151, Monitoring and Head of Internal Audit;
 - Better aligning our audit and assurance activities with our Corporate and operational risks (as identified in the last meeting) and embedded in an integrated way into our policies, processes and culture;

- Taking on board the latest government reports into Local Government Auditing,
 - Improving engagement and transparency regarding audit activity, and the work of the Committee so that key insights and lessons learned are actively discussed with the Leadership on a regular basis; and
 - More closely linking key risk, audit and assurance capacity with Corporate Services and approaches to Health and Safety, Project Monitoring and Information Governance.
- 2.3 The proposed arrangements seek to strengthen the roles, responsibilities and accountabilities of teams, address identified skills gaps, and put in place a more comprehensive approach to strengthen insights, checks and balances via a Business Improvement and Assurance approach, including the inclusion of a new role leading these activities, who will also act as the Authority's Lead Auditor, supported by a team with wide ranging skills on Projects, Risk, Information Governance, Auditing, Policy, Process and Health and Safety.
- 2.4 The ways of working proposed have been designed to ensure full alignment with the [CIPFA Internal Audit Standards](#) and the roles have been designed to ensure full alignment with the CIPFA good practice guide for the [Head of Internal Audit](#) including reporting lines and access to Executive.
- 2.5 An Interim Head of Business Improvement and Assurance (to undertake the Head of Internal Audit CIPFA role) and interim auditor will be appointed following the completion of the Interim Head of HR role. We expect these to be in place by September.
- 2.6 The Audit programme and ways of working will be reviewed to ensure that they include all key themes identified in the Government's Audit review, as well as any risk, governance or due diligence matters we have identified in business as usual. In parallel, training and support across Leadership and Management Teams will better embed a risk, audit and assurance culture.
- 2.7 A regular meeting between the Chair of the Audit Committee, Portfolio Holder, Director of Corporate Services and Head of Internal Audit is proposed to take place to ensure satisfactory arrangements are developed and maintained
- 2.8 In the short term, we have the ability to use call-off commissions for issue-specific audits, and are also able to draw on capacity from 2 nearby local authorities to provide advice and support.

3.0 Details of Consultation

- 3.1 Extensive consultations and interviews were held with a large number of employees and expert advice was sought from external Audit, Assurance and CIPFA professionals from five organisations. Portfolio holders and the union have been briefed and provided feedback on the relevant issues which have been taken account of in the actions being taken

4.0 Conclusion

- 4.1 Since the Audit Committee held on 9th June 2021, work has progressed to identify and scope interim role provision for the Audit function, linking and embedding it in a wider Business Improvement, Risk and Assurance approach

CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing): The steps proposed aim to align the actions of the council more closely with our equality and diversity policies and relevant other priorities.

LEGAL IMPLICATIONS
Extensive specialist advice has been engaged to support the investigations and inform the actions taken.

FINANCIAL IMPLICATIONS
It is proposed that the roles are established from the combined existing roles and vacancies that were held within the Financial Services team.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

SECTION 151 OFFICER'S COMMENTS
I am aware of the issues raised in the report and have been working with the Leadership Team to respond to them.

MONITORING OFFICER'S COMMENTS
I am aware of the issues raised in the report and have been working with the Leadership Team and external parties to respond to them.

BACKGROUND PAPERS

Appendix 1:

Contact Officer: Paul Thompson
Telephone: 01524 58
Email: s.davies@lancaster.gov.uk
Ref: