

AUDIT COMMITTEE

20th July 2022

Annual Report of the Head of Internal Audit and Assurance

PURPOSE OF REPORT

The purpose of this Head of Internal Audit Opinion (HoIAO) is to contribute to the assurances available to the Accountable Officer and the Council which underpin the Council's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will assist the Council in the completion of its Annual Governance Statement (AGS), along with considerations of organisational performance, regulatory compliance and the wider operating environment.

In October 2021, MIAA were requested to support Lancaster City Council, both in terms of providing a Head of Internal Audit service and delivery of the 2021/22 internal audit plan. The previous in-house internal audit provision had ceased and there had been little or no internal audit activity for the period April – October 2021. As such, the Internal Audit Plan developed by MIAA, focused upon mandated and core assurances and priority areas highlighted within Lancaster City Council's 2020/21 Annual Governance Statement.

Furthermore, this opinion is provided in the context that the Council like other organisations across the public sector has continued to face unprecedented challenges due to COVID-19.

This report is public

RECOMMENDATIONS

- (1) That the Audit Committee receive the HOIAO for year 2021/22.
- (2) **Options and Options Analysis (including risk assessment)**
 - 4.1 There are no other options available.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

In accordance with the Accounts and Audit Regulations, Internal Audit (IA) is required to form an opinion on the adequacy and effectiveness of the council's internal control environment,

which includes consideration of any significant risk or governance issues and control failures that have been identified throughout the year.

In arriving at an opinion, consideration is given to;

- The findings from the audit work undertaken during the year;
- The amount of audit work undertaken in the year compared with work planned;
- The results of follow up action in respect of audit work;
- Whether or not any significant recommendations have not been accepted by management and the consequent risks; and
- The issues identified in the Annual Governance Statement.

As is highlighted in the report and the HoIA Opinion, the Council has without Internal Audit provision from April to October 2021. Although an amount of work has been undertaken to support the AGS, the lack of an IA function and significant issues in relation to risk management have impacted the assessment of the Councils control environment. Work is currently underway to ensure that improvements are made in the current financial year

LEGAL IMPLICATIONS

None directly arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments to add

BACKGROUND PAPERS

Internal Audit Plan 2020/21

MIAA Internal Audit Progress Report – May 2022

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