



REPORT TO: JOINT AUDIT COMMITTEE

DATE: 26 June 2017

REPORT AUTHOR: HEAD OF INTERNAL AUDIT

SUBJECT: THE ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT FOR THE YEAR ENDED 31 MARCH 2017

(Appendix A refers)

1 Issue for consideration

1.1 The Annual report of the Head of Internal Audit for the year ended 31 March 2017.

2 Recommendation

2.1 In accordance with its terms of reference, the Committee is asked to note this report.

3 Background

3.1 The Internal Audit Service complies with the professional standards of the Chartered Institute of Public Finance and Accountancy, which established Public Sector Internal Audit Standards. These are drawn from the Chartered Institute of Internal Auditors' International Professional Practices Framework, comprising a definition of internal auditing, a Code of Ethics, and International Standards.

3.2 The Public Sector Internal Audit Standards and supporting Local Government Application Note require a head of internal audit to deliver an annual opinion and report. The opinion should address the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control and should be used to inform the governance statement. The annual internal audit report must incorporate the opinion, a summary of the work that supports that opinion, a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

4 Subject

- 4.1 The attached report summarises the work performed by the Internal Audit Service during 2016/17.
- 4.2 The opinion of the Head of Internal Audit is that the Committee can take substantial assurance that Lancashire Constabulary and the Police and Crime Commissioner for Lancashire operates a generally sound system of risk management, governance and internal control.
- 4.3 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.

5 List of attachments/ appendices

- Appendix A – Annual report of the Head of Internal Audit for the year ended 31 March 2017.

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