

CORPORATE COMMITTEE 27 JANUARY 2022

Report title: External Quality Assessment November 2021

Wards: All

Portfolio: Cabinet Member for Finance & Performance: Councillor Andrew Wilson

Report Authorised by: Fiona McDermott: Strategic Director for Finance and Investment

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REPORT SUMMARY

The Corporate Committee, in its 'audit committee' role, receives regular reports on the outcomes of Internal Audit in sufficient detail to allow the Committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address in respect of governance, risk management and internal control arrangements.

This report provides Members with the result of Internal Audit's performance which is mandated by the Public Sector Internal Audit Standards (PSIAS) every five years.

FINANCE SUMMARY

This report does not give rise to any additional capital or revenue financial implications. Actions to ensure compliance with relevant legislation and Council policies will be undertaken within the existing budgets.

RECOMMENDATIONS

1. To note the final report of Internal Audit Performance undertaken through an External Quality Assessment (EQA) which is mandated by the Public Sector Internal Audit Standards (PSIAS) every 5 years.

1. CONTEXT

- 1.1 In discharging its 'audit committee' role, the Corporate Committee is required "to consider summaries of specific reports of Internal Audit, Investigations and External Audit reports, in particular those with an 'inadequate' audit assurance assessment" (Terms of reference #4).

2. PROPOSAL AND REASONS

- 2.1 This report provides Members with the result of Internal Audit's performance which is mandated by the Public Sector Internal Audit Standards (PSIAS) every five years.

Based on the self-assessment, supporting evidence and independent validation it is the view of the lead assessor (the Assistant Director Audit & Investigations at Ealing and Hounslow) that the internal audit service for the London Borough of Lambeth **generally conforms with the Public Sector Internal Audit Standards**. Note this is the highest rating that can be awarded as per the assessment ratings.

Generally Conforms

The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.

Further details are set out in Item 1: Appendix A

3. FINANCE

- 3.1 This report does not give rise to any additional capital or revenue financial implications. Actions to ensure compliance with relevant legislation and Council policies will be undertaken within the existing budgets.

4. LEGAL AND DEMOCRACY

- 4.1 Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:
- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - b) ensures that the financial and operational management of the authority is effective; and,
 - c) includes effective arrangements for the management of risk.
- 4.2 Regulation 5 requires the Council to ensure that it undertakes an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 4.3 Regulation 6 requires the Council to conduct an annual review of the effectiveness of the system of internal control required by Regulation 3; and to prepare an annual governance statement. The findings of the review of effectiveness must be considered as part of the consideration of the system of internal control referred to in paragraph 4.2 above. The Council has delegated the discharge of this function to Corporate Committee.
- 4.4 There were no further comments from Democratic Services.

5. CONSULTATION AND CO-PRODUCTION

5.1 The report was independently produced, and officers and Members were consulted prior to presentation.

6. RISK MANAGEMENT

6.1 An inadequate and operationally ineffective internal control system can have an adverse impact on the Council's risk management processes and wider corporate governance and on quality of services for residents.

6.2 With regard to Risk Management, the Public Sector Internal Audit Standards (PSIAS) require Internal Audit to evaluate the effectiveness and contribute to the improvement of Risk Management processes.

7. EQUALITIES IMPACT ASSESSMENT

7.1 Not applicable: The nature of our work in reviewing existing policies, procedures and controls does not necessitate the completion of EIA

8. COMMUNITY SAFETY

8.1 Not applicable.

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 None.

Health

9.2 None.

Corporate Parenting

9.3 None.

Staffing and accommodation

9.4 None.

Responsible Procurement

9.5 None.

10. TIMETABLE FOR IMPLEMENTATION

Not applicable.

AUDIT TRAIL

Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Andrew Wilson	Cabinet Member for Finance & Performance	23.12.21	11.01.22	N/A
Christina Thompson, Director of Finance and Property	Finance and Investment	23.12.21	13.01.22	N/A
Andrew Pavlou, Principal Lawyer	Legal & Governance	23.12.21	10.01.22	N/A
Hamant Bharadia, Assistant Director of Finance	Finance and Investment	23.12.21	10.01.22	N/A
Chloe Morris, Democratic Services	Legal & Governance	23.12.21	04.01.22	Throughout

REPORT HISTORY

Original discussion with Cabinet Member	N/A
Report deadline	14/01/2022
Date final report sent	14/01/2022
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	NA
Date first appeared on forward plan	NA
Key decision reasons	NA
Background information	Public Sector Internal Audit Standards
Appendices	Appendix A – External Quality Assessment