AUDIT AND GOVERNANCE COMMITTEE

DATE	16th July 2026
REPORT OF	Peter Hanmer - Head of Audit and Assurance
SUBJECT	Head of Internal Audit Annual Report and Opinion 2025/26
STATUS	Open

CONTRIBUTION TO OUR AIMS

An effective control framework, good governance and risk management is fundamental to the effective delivery of the Council's services and its strategic aims. Internal Audit supports this by providing assurance, challenge and advice on their design and operation. Furthermore, the Internal Audit programme is risk based with specific priority given to those systems and processes which support the delivery of the Council's strategic aims.

EXECUTIVE SUMMARY

As set out in the Global Internal Audit Standards (GIAS) in the UK Public Sector and the CIPFA Code of Governance of Internal Audit there is a requirement for the Chief Audit Executive to provide an annual report and opinion the Audit and Governance Committee, timed to support the Annual Governance Statement. At North East Lincolnshire Council, the Head of Audit and Assurance conducts the functions of the Chief Audit Executive as defined in the standards.

As shown in section 3 of the Annual Report, "satisfactory" assurance has been provided on the overall arrangements for governance, risk and the internal control framework. Where applicable areas requiring further development being identified.

RECOMMENDATIONS

It is recommended that as part of its role in reviewing the effectiveness of the Council's governance arrangements (including the content of the Annual Governance Statement), the Audit and Governance Committee considers and receives this report, including the control issues identified within it.

REASONS FOR DECISION

It is a requirement of the standards for the Chief Audit Executive to produce an Annual Report incorporating his/ her opinion on the design and operation of the control environment.

1. BACKGROUND AND ISSUES

As set out in the Global Internal Audit Standards (GIAS) in the UK Public Sector and the CIPFA Code of Governance of Internal Audit there is a requirement for the Chief Audit Executive to provide an annual report and opinion the Audit and Governance Committee, timed to support the Annual Governance Statement. This must include:

- an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control arrangement;
- a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and
- a statement on conformance with the GIAS and the results of the internal audit Quality Assurance and Improvement Programme

The Head of Internal Audit Annual Report and Opinion is attached. The key points identified in the 2023/24 Head of Internal Annual report and opinion are as follows:

- Section 2 of the Report refers to the work conducted from which the audit opinion is derived, and shows the work conducted as part of the 2025/26 Audit Plan. The Head of Audit and Assurance was able to conclude that sufficient work had been carried out to provide a reliable, risk-based, standards compliant opinion.

- Section 3 refers to the Head of Internal Audit Opinion. Satisfactory assurance has been provided in relation to the council's risk, governance and control arrangements, although it also areas where the arrangements rquire improvement.

- Section 4 refers to quality assurance arrangements. It concludes that Internal Audit complied with the auditing standards, and has arrangements in place for monitoring quality and identifying improvements.

2. RISKS AND OPPORTUNITIES

The Head of Internal Audit's Annual Report and Opinions are a regulatory requirement and there is potential reputational risk if it was not produced or if did not provide sufficient assurance that Internal Audit carried out its responsibilities in line with the standards.

As well as individual audit assignments identifying specific areas of potential risk, it is a requirement to provide an overall opinion on the Council's risk management arrangements as shown in section 3 of the report.

3. OTHER OPTIONS CONSIDERED

Not applicable. The production of this report is a requirement of the Public Sector Internal Audit Standards.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are no specific reputation issues in relation to this report. The main messages relating to this report have been communicated with the Leadership Team, and the report will be publicised on the Council's intranet.

5. FINANCIAL CONSIDERATIONS

One of the key aspects of internal audit work is to consider the Council's systems of financial control. This is considered not only in specific audits of its key financial systems, but in most other audit assignments.

6. CHILDREN AND YOUNG PEOPLE CONSIDERATIONS

Audit assignments, and other sources of assurance, relating to Children's Services contribute to the overall opinion on the Council's control environment.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Climate change and the environment are included in audit's planning considerations and is subject to audit on a cyclical basis.

8. PUBLIC HEALTH, HEALTH INEQUALITIES AND MARMOT IMPLICATIONS

There were four public health related audits contained in the 2025/26 audit plan, including an audit on the Health and Well-Being Strategy which received "satisfactory assurance"

9. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. However, the report provides assurance over the reliability of the systems supporting the financial information provided within the statement of accounts.

10. LEGAL IMPLICATIONS

There are no specific legal implications associated with this report.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct specific human resources implications associated with this report.

12. WARD IMPLICATIONS

The report covers issues affecting the whole operation of the council and therefore is relevant to all wards.

13. BACKGROUND PAPERS

The Global Internal Audit Standards (GIAS) in the UK Public Sector (2024)
The CIPFA Code of Governance for Internal Audit (2024)
Internal Audit Plan 2025/26 (April 2025)
Internal Audit Interim Report (January 2026)

14. CONTACT OFFICER(S)

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