



Date: 26/01/22
My Ref: BH/ESPO
Please ask for: Cat Tuohy
Direct Dialling: (0116) 305 5483
e-mail: cat.tuohy@leics.gov.uk

To: Members of the ESPO Finance and Audit Subcommittee

Dear Member,

ESPO FINANCE AND AUDIT SUBCOMMITTEE

A meeting of the Finance and Audit Subcommittee will be held at on Wednesday, 2 February 2022 at 10.30 am in the Sparkenhoe Committee Room, County Hall, Glenfield.

Yours faithfully,

Cat Tuohy
for Consortium Secretary

AGENDA

<u>Item</u>		<u>Pages</u>
1.	Appointment of Chairman.	
2.	Minutes of the meeting held on 26 May 2021.	(Pages 3 - 6)
3.	Declarations of interest in respect of items on the agenda.	
4.	To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
5.	Progress against Internal Audit Plan 2021-2022.	(Pages 7 - 16)
6.	Annual Internal Audit Plan 2022-2023.	(Pages 17 - 22)



7. Exclusion of the Press and Public.

The public are likely to be excluded during consideration of the following items in accordance with Section 100(A)(4) of the Local Government Act 1972 (Exempt Information).

8. Financial Performance Update Year to November 2021. (Pages 23 - 32)

9. Budget 2022/23. (Pages 33 - 52)

10. Date of next meeting.

11. Any other items which the Chairman has decided to take as urgent.



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield on Wednesday, 26 May 2021.

PRESENT

Cllr. P. Butlin (in the Chair)

Dr. R. K. A. Feltham CC

Cllr. A. Hagues

Apologies

Apologies were received from Cllr. S. Clancy (Norfolk County Council) and Cllr. S. Rawlins (Lincolnshire County Council) Cllr. A. Hagues attended as substitute.

Vacancies were held for Cambridgeshire County Council and Peterborough City Council awaiting nominations following the May 2021 Elections.

In attendance

ESPO

Mr. K. Smith – Director

Mr. D. Godsell – Assistant Director

Mr. M. Selwyn-Smith – Assistant Director

Mr. M. Campbell – Assistant Director

Mr. D. Goodacre – Commercial Financial Controller

Leicestershire County Council

Mr. D. Keegan – On behalf of Consortium Secretary

Mr. N. Jones – Head of Internal Audit

Mr. M. Davis – Audit Manager

Mr. M. Seedat – Head of Democratic Services

Ms. C. Tuohy – Democratic Services Office

Mr. P. Carpenter – Peterborough City Council Corporate Director Resources

99. Minutes.

The minutes of the meeting held on 3 February 2021 were taken as read, confirmed and signed.

100. Declarations of interest in respect of items on the agenda.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

101. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.

There were no urgent items for consideration.

102. Head of Internal Audit Service Annual Report 2020-21.

The Subcommittee received a report of the Consortium Treasurer outlining the Internal Audit Service Annual Report 2020-21. A copy of the report, marked 'Agenda Item 4', is filed with these minutes.

Members were pleased to note that the completed audits gave positive opinions on all three components of the 'control environment' i.e. the framework of governance, risk management and control.

One audit returned a partial assurance rating which related to credit control. The HoIAS was confident, having spoken to senior managers, that the issue was well understood and would be resolved in the near future. Work was already underway to mitigate the risk. Members were pleased to note that all other assurance audits undertaken returned 'substantial assurance', the top rating possible.

RESOLVED:

Members noted the contents of the Internal Audit Service Annual Report 2020/21 and recommend the report to the Management Committee for approval.

103. Progress Against the 2020-21 and 2021-22 Internal Audit Plans.

Members received a report of the Consortium Treasurer outlining the progress made against the 2020/21 and 2021/22 Internal Audit Plan. A copy of the report marked 'Agenda Item 5', is filed with these minutes.

Members noted that the Annual Report (minute 102) refers outlined the action being taken and assurance given in respect of the single partial assurance opinion rating.

RESOLVED:

Members noted the contents of the report outlining the progress against the Internal Audit Plan.

104. Date of next meeting.

RESOLVED:

That the next meeting of the Subcommittee be scheduled for early 2022.

105. Exclusion of the Press and Public.

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the remaining item of business on the grounds that it will involve the likely disclosure of exempt information during the consideration of the following items of business as defined in paragraphs 3 and 10 of Schedule 12A of the Act, and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

106. Draft Outturn 2020-21.

The Subcommittee considered an exempt report of the Director and Consortium Treasurer outlining the draft Outturn for 2020-21. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

The Director updated the Subcommittee regarding the impact of Covid-19 on ESPO and its draft outturn. Members were pleased to note that there had been a significant uplift in trading following schools re-opening in March.

Members noted that ESPO's Annual Accounts 2019-20 were still outstanding due to delays resulting from the impact Covid-19, finance staff turnover in ESPO and resourcing from the external auditor Grant Thornton.

RESOLVED:

That the 2020/21 forecast outturn be noted and that the Management Committee be recommended to support the allocation of £400,000 to Building Reserves in line with the practice in previous years.

11.30 am
26 May 2021

CHAIRMAN

This page is intentionally left blank



ESPO FINANCE AND AUDIT SUBCOMMITTEE – 2 FEBRUARY 2022

INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2021-22

INTERNAL AUDIT PLAN

REPORT OF THE CONSORTIUM TREASURER

Purpose of the Report

1. To provide a summary of Leicestershire County Council Internal Audit Service's (LCCIAS) work to the Subcommittee and highlight any audits where high importance (HI) recommendations and/or partial assurance opinions have been made and the position against implementing actions required.

Background

2. The Consortium Treasurer (the Treasurer) is responsible for the proper administration of ESPO's financial affairs. In accordance with ESPO's Financial Regulations Rule 15, specific responsibility for arranging a continuous internal audit is delegated to the Treasurer. Under its terms of reference, the Finance and Audit Subcommittee (the Subcommittee) should receive and review audit and governance reports. The Subcommittee also monitors the adequacy and effectiveness of the internal audit service provided to ESPO. To achieve this, the Subcommittee is provided with periodic progress reports.
3. The audits undertaken are based on the Annual Internal Audit Plan (the Plan). Variations to the Plan can occur but need to be considered with and agreed by the Treasurer and the Director of ESPO.
4. The 2021-22 Plan was discussed at Finance and Audit Sub Committee on 3 February 2021 and subsequently approved by Management Committee on 17 March 2021. The scope of the audits and progress against them is shown in the Appendix.

Summary of Progress

Audit Opinion:

5. Where audits undertaken are an 'assurance' type i.e. the auditor is able to objectively examine evidence for the purpose of providing an independent

assessment, then an 'opinion' can be given i.e. the level of assurance that material risks are being managed. There are four levels of assurance: full; substantial; partial; and little. A report that has a high importance (HI) recommendation would not normally get an opinion above partial assurance. Exceptions would be where the controls are sound but there is a high importance efficiency recommendation. The sum of individual engagement opinions assists the Head of Internal Audit Service (HoIAS) to form an annual opinion on the overall adequacy of ESPO's control environment, comprised of its governance, risk management and internal control framework

6. Consulting/advisory audits do not result in an opinion but are taken into account in the HoIAS annual opinion.

High Importance Recommendations

7. There is one legacy partial opinion report in respect of our 2020/21 Credit Control audit that requires progress updates to be reported back to this Committee to provide assurance that it has been adequately addressed. The majority of the credit control re-testing has been completed, however there are a few areas, for example aged debt write off, whereby it would be more efficient to address at the same time as our current General Financial Systems Audit and therefore whilst we can report good progress has been made in addressing the recommendations contained in the report, we will conclude this work in time for the next Committee.

In year changes to the Plan:

8. The plan is a live document subject to changes to address the most critical business risks to the organisation at any given time. The plan approved by Management Committee on 17 March 2021 comprised 16 auditable areas (excluding emerging risks, contingency and client management).

In year changes have been as follows:

Details	Job Reference	Auditable Areas
Plan approved on 17 March 2021		16
Additional areas audited under 'emerging issues'	M1 & M2	2
Additional areas audited under 'Contingency'	R1, R2, R3 & R4	4
Sub-total		22
Less deferred or cancelled jobs	D, F & P	3
Total		19

2021-22 Progress to date

9. A summary of progress is as follows: -

<u>Type</u>	<u>Number</u>	<u>Opinion</u>	<u>Reference</u>
Current year completed to at least draft report stage or on-going consultancy work	12	1 x Prior Year 2 x Draft Reports i.e. Opinion TBC 9 x Advisory	N/A 22-C & 22-M(2) 22-B, 22-H, 22-J, 22-K, 22-M(1), 22(R1 - R4)
Work in progress	7	N/A	22-E, 22-G, 22-I, 22-L, 22-, 22-N, 22-O & 22Q
Deferred/ Cancelled Jobs	3	N/A	22D, 22F, 22P

10. It should be noted that of the 7 jobs that are currently work in progress, 5 are required to be undertaken in the final quarter for various reasons.
11. The Appendix summarises progress against the 2021-22 plan. Audit reference numbers (in the sequence of the agreed internal audit plan) and type (governance, risk management and internal control) have been added to track each audit's progress.

Recommendation

12. That the contents of the report, any associated virements and also the current position in respect of high importance recommendations and/or partial opinion report(s) be noted.

Equal Opportunities Implications

13. There are no discernible equal opportunities implications resulting from the audits listed.

Background Paper

Report to ESPO Management Committee 17 March 2021 – Annual Internal Audit Plan 2021-22

Officer to Contact

Chris Tambini
Consortium Treasurer

Tel: 0116 305 6199
Email: chris.tambini@leics.gov.uk

Neil Jones Head of Internal Audit & Assurance Service
Leicestershire County Council

Tel: 0116 305 7629
Email: neil.jones@leics.gov.uk

Appendix

Appendix - Summary progress against 2021-22 audits as at 25 January 2022

Summary progress against 2021-22 audits as at 25 January 2022

Audits 'completed' to at least draft issued stage and/or on-going advisory work/Prior year jobs

<u>Ref¹</u>	<u>Type²</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 25 January 2022</u>
22-A	N/A	Continuation of work commenced in 2020-21	To complete any outstanding audits that overlap the financial year	Complete
22-B	GO	Annual Governance Requirements 2020-21	Review of the management self-assessments of assurance in the 2020-21 AGS or any subsequent FRS equivalent	Advisory work complete
22-C	GO	Counter Fraud - Cyber Security	Adequate Cyber Security arrangements are in place in accordance with nationally issued good practice guidance and associated self-assessment <i>(note this also addresses a key potential risk highlighted in the ESPO Fraud risk assessment work undertaken in 20/21).</i>	Draft Report Issued to Client. Note: Whilst still in draft, due to the volume, nature and technicality of the potential recommendations a follow up piece of work has also been put in the 22/23 plan. This audit took significantly longer than originally budgeted.
22-H	RM	Warehouse	Robust Governance and Management of Risk in the conversion of the Business Case to a Project Initiation Document and associated timetable for delivery.	Minimal on-going advice given due to a change from the original intentions. An audit is in 22/23 draft plan to focus on Governance of the Programme for Additional Warehouse Capacity at the Grove Park Facility.
22-J	RM	Counter Fraud - NFI specific	Results are correctly interpreted and investigated	Consultancy complete – No instances of fraudulent activity were noted from the work undertaken and investigations made however a duplicate payment of £7.3k was identified and had been returned by the supplier

				concerned and a potential £14.1k duplicate payment is currently being pursued with the supplier concerned.
22-K	RM	Website Development	Post go live benefits realisation is achieved/'to be' working practices afford adequate internal control and management of risk	Ongoing control advice as critical friend on project board completed in quarter 1. Benefits realisation work is also being undertaken currently
22-M(1)	RM	Emerging risks	ESPO identification and preparedness for any emerging risks e.g. climate change requirements, continued adjustments as a result of existing the EU/COVID-19 requirements inc service recovery, Supply Chain implications & Compliance with revised procurement regulations, significant loss of business, MTFS targets not being met, Failure to retain staff, M Star framework issues	A walk through of revised expense procedures has been completed in order to enable consultancy advice to be issued in respect of control processes and procedures. (See also job 22-M2 below).
22-M(2)	RM	Emerging risks	ESPO identification and preparedness for any emerging risks e.g. climate change requirements, continued adjustments as a result of existing the EU/COVID-19 requirements inc service recovery, Supply Chain implications & Compliance with revised procurement regulations, significant loss of business, MTFS targets not being met, Failure to retain staff, M Star framework issues	The substantive testing of expenses processed through the system is at draft report stage.
22-R (1-4)	IC	Contingency	Unforeseen events brought to the attention of the Head of Internal Audit Service by either ESPO Leadership Team or the Consortium Officers - may include business growth, new legislative	Significant amount of ad hoc work in relation to: <ul style="list-style-type: none"> • 22-R(1) - Overtime Claim (An audit is planned in the draft 2022/23 Pan

				<p>to review variations to pay).</p> <ul style="list-style-type: none"> • 22-R(2) - Mandate Fraud #1 • 22-R(3) - Email Account Hack • 22-R(4) - Mandate Fraud #2 <p>For the three audits above, a cyber security audit was undertaken in 2021/22 to assess these risks</p>
--	--	--	--	---

Audits in progress

<u>Ref</u>	<u>Type</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 25 January 2022</u>
22-E	GO	Frameworks	Developing any new/developed mirrored offerings/Time taken	Work commenced and will straddle two financial years
22-G	RM	Risk Management	Risk management policies and procedures are fit for purpose and being consistently applied allowing for an evaluation of ESPO's current level of risk management maturity.	Testing currently being undertaken
22-I	RM	Credit Control	Follow up recommendations from the 2020/21 report	Testing nearing completion Remaining testing being undertaken in conjunction with the General Financial Systems Audit to maximise efficiencies.
22-L	RM	IT Developments	Work to be conducted in accordance with ESPO IT Key Deliverables 21/22 (not yet published but known to include some deliverables carried over from 20/21 e.g. Replacing e-mail servers into the cloud; future delivery methods etc)	Testing currently being undertaken Work being undertaken at the same time as IT General Controls in order to maximise synergies and avoid duplication

22-N	IC	General Financial Systems (*)	To discuss with the External Auditor and the ESPO Financial Controller/Consortium Treasurer, but typical coverage includes reconciliations; receivables; payables; payroll and stock	Testing currently being undertaken Note: work was only due to commence in the final quarter i.e. Jan 22
22-O	IC	IT general controls (*)	The range of controls expected by the External Auditor are well designed and consistently applied.	Testing currently being undertaken Note: work was only due to commence in the final quarter i.e. Jan 22
22-Q	IC	Servicing Authority	Key Performance Indicators for services provided by the Servicing Authority are adhered to	Testing currently being undertaken

Audits not started

None

Deferred/Cancelled Jobs

<u>Ref</u>	<u>Type</u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 25 January 2022</u>
22-D	GO	Export/ESPO International	Benefit of current developments materialise/proposed future developments are supported through robust business case sign off	To be risk assessed in 2022/23 for continued relevance taking into account the role of the board in sign off
22-F	GO	Key Projects - Strategic alliance(s)	Benefit of current developments materialise/proposed future developments are supported through robust business case sign	To be risk assessed in 2022/23 for continued relevance taking into account the role of the board in sign off

			off	
22-P	IC	Rebates income	Annual audit to evaluate whether rebates received conform to estimates of supplier business generated - focus will be on site visits	This will now be differed into the 22/23 plan to allow COVID regulations/associated employer and supplier procedures to be understood and followed.

None

¹unique reference numbers based on the financial year in question (i.e. '22-A' relates to the first entry on the approved 2021/22 audit plan)

²the three elements of the control environment (governance, risk management and internal control)

³traditionally audits where the external auditor has placed reliance on the work of internal audit

This page is intentionally left blank



ESPO FINANCE & AUDIT SUBCOMMITTEE – 2 FEBRUARY 2022

REPORT OF THE CONSORTIUM TREASURER

ANNUAL INTERNAL AUDIT PLAN 2022-23

Purpose of Report

1. The purpose of this report is to provide information on the work undertaken to create the annual internal audit plan 2022-23.

Background

2. The Consortium Treasurer (the Treasurer) is responsible for the proper administration of ESPO's financial affairs and has a specific responsibility for arranging a continuous internal audit of those affairs.
3. The Treasurer arranges for Leicestershire County Council's Internal Audit Service (LCCIAS) to provide internal audit for ESPO. LCCIAS must conform to the Public Sector Internal Audit Standards (the PSIAS) which were last revised in April 2017.
4. The PSIAS require the Head of Internal Audit Service (HoIAS) to form an annual opinion on the overall adequacy and effectiveness of ESPO's control environment (its framework of governance, risk management and control). In order to form an opinion, the scope of internal audit work needs to be wide. The PSIAS require the HoIAS to prepare a risk based internal audit plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.
5. The HoIAS' opinion helps to inform either the traditional Annual Governance Statement (a requirement under the Accounts and Audit Regulations 2015, which apply to the Member Authorities comprising ESPO), or any alternative report following ESPO's adoption of International Financial Reporting Standards (IFRS).
6. The Finance & Audit Subcommittee (the Subcommittee) is responsible for receiving and reviewing audit and governance reports and it acts as 'the Board' for PSIAS purposes. However, the Management Committee, having overall strategic responsibility for the management oversight and direction of, and being the sole decision maker for ESPO, should approve the annual internal audit plan and regular progress reports against it. The plan will need to be

approved by Management Committee at its meeting on 16 March 2022.

Planning methodology

7. The Director of ESPO and the Leadership Team identify and manage risk and where it is required, design, implement and operate robust internal control systems. Targeted internal audits have identified continuing improvements to governance and risk management at ESPO, so to ensure that current and emerging risks are adequately covered the audit plan is aligned with the Corporate Risk Register, the Business Strategy and Governance Reporting.
8. To further develop the scope of audit coverage, the HoIAS researches and evaluates where other/additional risk might occur to ESPO using methods including: -
 - a. Consulting on emerging risks, planned changes and potential issues with the Director and the Leadership Team and the Consortium Treasurer and Secretary. The External Auditor will be consulted.
 - b. Evaluation of governance arrangements e.g. plans, committee reports, accounts, risk register and governance statements
 - c. Identification and evaluation of the robustness of other forms of assurance received
 - d. Comparisons against similar purchasing consortia audit plans.
 - e. 'Horizon scanning' new and emerging risks from professional and industry sources
 - f. The risks to critical 'business as usual' systems when focus shifts elsewhere
9. Part of the plan requires annual audits on key elements of the financial and IT systems. These audits will be discussed with ESPO's External Auditors to assist in their planning of their annual audit.
10. Any other significant projects for example material changes to the 5-Year Business Strategy or significant ICT developments would be targeted for audit. GDPR compliance continues to be covered as part of Leicestershire County Council's audit but any findings of relevance will be reported to ESPO members. A contingency is retained for consulting (advisory), unforeseen risks, special projects and investigations. An allocation is reserved for the HoIAS' role in governance requirements (attendance at committees, form opinions and reports etc) and progressing any high importance recommendations.

The internal audit plan 2022-23

11. The attached plan for 2022-23 (Appendix) contains a wide scope of audits that should allow the HoIAS to form an opinion on the overall adequacy and effectiveness of ESPO's control environment. The overall scope of the plan is comparable to a competitor of ESPO.
12. A small amount of resource will be required to finalise 2021-22 audits.
13. The first column indicates which component of the control environment the audit primarily matches (there is quite often overlap).
14. The 2022-23 plan aims to give the optimum audit coverage within the resources available. Though it is compiled and presented as a plan of work, it must be stressed that it is only a statement of intent, and there is a need for flexibility to review and adjust it as necessary in response to changes in ESPO's business, risks, operations, programs, systems, and controls, as occurred in 2021-22. The HoIAS will discuss and agree any material changes with the Director of ESPO and Consortium Treasurer and these would be reported to the relevant Committee dependent on timing.
15. Detailed Terms of Engagement covering each audit's scope, timing and any areas for exclusion are agreed with the relevant risk owners (Assistant Director) in advance of each audit.

Progressing the Audit Plan

16. Responsibility for the evaluation and management of risk and the design and consistent operation of internal controls rests with ESPO management. LCCIAS' role and responsibility is to carry out independent and objective audits and give an opinion on the extent to which risk is being managed and (where appropriate) make recommendations to improve controls.
17. On completion of each audit, findings will be discussed with the appropriate risk owner before issuing a report to the Director and the Treasurer. The opinions reached, along with summary findings are reported each quarter to the Director and the Treasurer and will be reported more formally to the Finance and Audit Subcommittee at its scheduled meetings, with any urgent matters in the interim periods being brought to the attention of the Management Committee.
18. If any audit produces a 'high importance' recommendation, then details would be shared with the Subcommittee and/or Management Committee dependent on timing, and specific re-testing is undertaken later in the year to prove that control has actually improved and is embedded.

Resource Implications

19. The budget for the provision of the internal audit service is contained within ESPO's Medium Term Financial Strategy under charges by the Servicing Authority. The 2022-23 plan has been agreed on an indicative 150 days. This level of coverage should enable the HoIAS to provide overall reasonable assurance to the Consortium Treasurer the risks that ESPO is facing are being managed.

Conclusion

20. The detail of the 2022-23 internal audit plan is attached in the Appendix to this report. The plan has been presented to the Consortium Treasurer, Consortium Secretary and the Director of ESPO for comments and approval.

Recommendation

21. The Sub Committee is requested to:
- a) Support the methodology used as a basis for developing the internal audit plan;
 - b) Note the ESPO Internal Audit Plan for 2022-23 and advise the Management Committee accordingly.

Equal Opportunities Implications

At this stage there are no known direct implications resulting from the internal audit plan strategy, although 'human resource' elements will be audited.

Background Papers

None.

Officer to Contact

Chris Tambini
 Consortium Treasurer
 Tel: 0116 305 6199
 Email: chris.tambini@leics.gov.uk

Neil Jones, Head of Internal Audit and Assurance Service
 Tel: 0116 305 7629
 Email: neil.jones@leics.gov.uk

Appendices

Appendix - ESPO Internal Audit Plan 2022-23

ESPO Internal Audit Plan 2022-23					
Reference	Control env't component	Entity	The indicative audit objective is to ensure that...	Risk Reg	Indicative Days
ESPO 22/23 - A	Various	Continuation of work commenced in 2021-22	To complete any outstanding audits that overlap the financial year	N/A	7
ESPO 22/23 - B	Governance	Annual Governance Requirements 2021-22	Revised governance reporting arrangements are suitable	8	5
ESPO 22/23 - C	Governance	Counter Fraud - Cyber Security - follow up report	Adequate Cyber Security arrangements are in place in accordance with nationally issued good practice guidance and associated self-assessment (<i>note this also addresses a key potential risk highlighted in the ESPO Fraud risk assessment work undertaken in 20/21</i>). Work will focus on ensuring the recommendations in the 21/22 report have been addressed	8, 20, 79	10
ESPO 22/23 - D	Governance	Frameworks	Developing any new/developed mirrored offerings/Time taken	8, 25, 60	7.5
ESPO 22/23 - E	Governance	Procurement	Policies and procedures in place have due regard for legislative requirements and timeliness and appropriateness of decision making	8, 32, 35, 37, 80	10
ESPO 22/23 - F	Risk Management	Warehouse	Robust Governance and Management of Risk in the delivery in respect of the additional warehouse capacity at Grove Park	51	7.5
ESPO 22/23 - G	Risk management	Counter Fraud - NFI specific	Ensure relevant data is extracted at 30 September 2022, uploaded in October 2022 and assessment of output reports commenced in Feb 2023 with the overall objective of results being correctly interpreted and investigated and have due regard for a segregation of duties.	20	3
ESPO 22/23 - H	Risk Management	IT Developments	Work to be conducted in accordance with ESPO IT Key Deliverables 22/23	1, 5, 30, 47, 48, 71, 74, 79	7.5
ESPO 22/23 - I	Risk Management	Key Business Supplier Controls	Assessment of Risk Mitigation Procedures in place e.g. credit limits, credit rating assessments, parent guarantees, monitoring and market intelligence	21, 37, 58	7.5
ESPO 22/23 - J	Risk Management	Emerging risks	ESPO identification and preparedness for any emerging risks e.g. Legislative changes, continued adjustments as a result of existing the EU/COVID-19 requirements, material changes to the 5-Year business strategy	Various	5
ESPO 22/23 - K	Risk Management	Business Continuity/Disaster Recovery	Risk of business inoperability is minimised and access and IT infrastructure is restored in a timely manner should a disaster occur	1, 5, 30, 34, 38	10
ESPO 22/23 - L	Internal control	General Financial Systems (*)	To discuss with the External Auditor and the ESPO Financial Controller/Consortium Treasurer, but typical coverage includes reconciliations; receivables; payables; payroll and stock	1, 6	7.5
ESPO 22/23 - M	Internal control	IT general controls (*)	The range of controls expected by the External Auditor are well designed and consistently applied.	1, 5, 30, 47, 48, 34, 71, 74, 79	7.5
ESPO 22/23 - N	Internal control	Rebates income	Annual audit to evaluate whether rebates received conform to estimates of supplier business generated - focus will be on site visits	45, 46	10
ESPO 22/23 - O	Internal control	Counter Fraud: Bank Mandate Fraud	Policies and procedures surrounding the amendment of bank accounts are robust	20, 79, 82	5
ESPO 22/23 - P	Internal control	Counter Fraud: Approval process for variations to pay	Variations to pay are appropriately authorised in accordance with procedures	20, 79, 82	5
ESPO 22/23 - Q	Internal control	Counter Fraud: Data Analytics - Accounts Payables Vendors	Use of Data Analytics to provide assurance in respect of the accounts payables vendor database	79, 82	5
ESPO 22/23 - R	Internal control	Servicing Authority	Key Performance Indicators for services provided by the Servicing Authority are adhered to	8	5
ESPO 22/23 - S	Various	Contingency	Unforeseen events brought to the attention of the Head of Internal Audit Service by either ESPO Leadership Team or the Consortium Officers - examples may include loss of customers/business, MTFS targets not being met, Failure to retain staff, staff sickness, energy related risks, major health & safety/legislative issue, warehouse issues, supply chain issues, adverse reputational issue, climate change, risks associated with ways of working	N/A	5
		Client management	Planning & research; progress meetings; servicing Committees; HoIAS requirements; confirming implementation of HI recommendations; External Audit liaison; advice	N/A	20
			Total days = 150		150
			(*) Annual audits undertaken that may assist the External Auditor		

This page is intentionally left blank

By virtue of paragraph(s) 3, 10 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 10 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank