



Date: 4 May 2022  
My Ref: CT/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, 11 May 2022 at 10.30 am via Microsoft Teams.

Yours faithfully,

Cat Tuohy  
for Consortium Secretary

### **AGENDA**

<u>Item</u>		<u>Pages</u>
1.	Minutes of the meeting held on 2 February 2022.	(Pages 3 - 6)
2.	Declarations of interest in respect of items on the agenda.	
3.	To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
4.	Internal Audit Service Annual Report 2021-22	Consortium Treasurer (Pages 7 - 28)
5.	Progress against the 2021-22 and 2022-23 Internal Audit Plans.	Consortium Treasurer (Pages 29 - 44)



6. Date of next meeting.

The next meeting of the Subcommittee will take place early 2023 and will be confirmed at a later date.

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

8. Exclusion of the Press and Public.

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

9. Draft Outturn 2021-22.

Director and  
Consortium  
Treasurer

(Pages 45 - 56)



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield on Wednesday, 2 February 2022.

PRESENT

Cllr. M. Watson – Warwickshire County Council  
 Cllr. S. Rawlins – Lincolnshire County Council  
 Cllr. B. Goodliffe – Cambridgeshire County Council

Apologies

Apologies were received from Cllr. S. Clancy (Norfolk County Council), Dr. K. Feltham CC (Leicestershire County Council), Cllr. A. Coles (Peterborough City Council) and Cllr. P. Butlin (Warwickshire County Council) who was substituted by Cllr. M Watson.

In attendance

ESPO

Mr. K. Smith - Director  
 Mr. D. Godsell – Assistant Director  
 Mr. D. Goodacre – Financial Director

Leicestershire County Council

Mr. D. Keegan – On behalf of Consortium Secretary  
 Mr. N. Jones – Head of Internal Audit  
 Mr. M. Davis – Audit Manager  
 Ms. C. Tuohy – Democratic Services Officer

107. Appointment of Chairman.

It was agreed that Cllr. M. Watson be appointed Chairman for the meeting.  
Cllr. M. Watson in the Chair

108. Minutes.

The minutes of the meeting held on 26 May 2020 were taken as read, confirmed and signed.

109. Declarations of interest.

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

110. 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.

111. Progress against Internal Audit Plan 2021-2022.

The Subcommittee received a report of the Consortium Treasurer outlining the progress made against the Internal Audit Plan for 2021-22. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

The Subcommittee was advised that there was one legacy partial opinion in respect of the 2020-21 credit control audit. Members were pleased to note good progress had been made on testing to date and that an update would be provided at a future meeting on whether recommendations had been addressed.

Members noted the continued importance regarding Cyber Security and the ongoing work as part of the Audit plan.

The Internal Audit Service did not have the resource to audit all areas of ESPO, instead the plan took a pragmatic approach to focusing on high risks to ESPO and its owners, such as the deferred rebate income audit.

RESOLVED:

That the report and information now provided be noted.

112. Annual Internal Audit Plan 2022-2023.

The Subcommittee received a report of the Consortium Treasurer on the Annual Internal Audit Plan 2022-23. A copy of the report, marked 'Agenda Item 6', is filed with these minutes.

The Subcommittee was informed that the ESPO Senior Management Team met regularly with the Consortium Treasurer and the Head of Internal Audit at Leicestershire County Council to review the findings of audits. Any high assurance recommendations found would be shared with Members.

Members noted that nationally accounts payable was a key area for consideration, given remote working and the risk of bank mandate fraud. On a local level some errors had been detected and corrected by ESPO, so it was felt important to run a data analytic tool on the system to check for any potential duplicate addresses.

In response to queries Members were assured that there was separation of duties in relation to purchase order raising and invoices, and that procedures were being toughened up where possible.

RESOLVED:

That the Subcommittee support the methodology used as a basis for development of the internal audit plan and that the Annual Internal Audit Plan 2022-23 be recommended for approval at the Management Committee on 16 March 2022.

113. Exclusion of the Press and Public.

That under Section 100A of the Local Government Act 1972, the public be excluded for the remaining item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

114. Financial Performance Update Year to November 2021.

The Subcommittee received an exempt report of the Director and Consortium Treasurer outlining the financial performance year to November 2021. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

The 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).

Arising from the discussion the following points were noted:-

- i. It was reported that ESPO was on track to exceed a surplus of £5.1m, ahead of what had been budgeted and the previous year's performance, and was estimated at the higher end of the £5.1million to £5.7million, which Members welcomed.
- ii. There remained volatility in the energy market as a result of international circumstances. Members were pleased to note that its energy buying strategy had protected its customers from exposure to price hikes to date and that ESPO communicated regularly with its customers about risk and pricing as it was recognised that could only be managed to a certain extent.
- iii. ESPO's framework range included charging infrastructure and specialist vehicles, including electric vehicles. They had been affected slightly due to the worldwide shortage in semiconductors, however, were expected to perform positively once stocks improved.

RESOLVED:

That the report be noted.

115. Budget 2022/23

The Subcommittee received an exempt report of the Director and Consortium Treasurer outlining the A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

Arising from the discussion the following points were noted:-

- i. ESPO was aligned to Leicestershire County Council's pay grade structure, which exceeded the living wage, and warehouse operatives would be paid £11.50 an hour from April 2022. Pressures on recruitment were recognised following the United Kingdom's exit from the European Union, however it was felt ultimately ESPO had a good employment offer that was attractive.
- ii. Inflation was recognised as a key risk for ESPO and the impact it may have on the public sector and their discretionary spend.
- iii. The My School Fund was a major initiative for ESPO and it needed to ensure it continued to work with schools to communicate the project to parents, to recognise that it benefitted both parents and schools.
- iv. It was queried whether there were any supply chain issues in relation to the introduction of the UKCA mark, following the United Kingdom's Exit from the European Union, with Members having noted other fire and electric companies

needed to get items recertified, though the current deadline had been extended for 12 months.

RESOLVED:

That the following be supported for approval by the Management Committee on 16 March 2022.

- a) Agreement of the 2022/23 Budget which incorporated the recommended revenue budget totalling a surplus of £5.7million.
- b) Approval of the 2022/23 capital programme totalling £310,000.
- c) That the level of reserves as set out in paragraph 80 be noted and that the use of those earmarked fund be agreed.

116. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Committee would be held on 11 May at 10.30am.

CHAIRMAN

02 February 2022



**ESPO FINANCE & AUDIT SUBCOMMITTEE – 11 MAY 2022**

**AGENDA ITEM NO.**

**INTERNAL AUDIT SERVICE – ANNUAL REPORT 2021-22**

**REPORT OF THE CONSORTIUM TREASURER**

**Purpose of Report**

1. To provide the Finance & Audit Subcommittee (the Subcommittee) with an annual report on internal audit work conducted during 2021-22.

**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. The Treasurer arranges for Leicestershire County Council's Internal Audit Service (LCCIAS) led by the Head of Internal Audit Service (HoIAS) to provide internal audit for ESPO.
3. Part 2, 'Internal Control' of the Accounts and Audit Regulations (2015) provide at section 5 'Internal Audit' that, 'A relevant authority must undertake 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. The relevant standards are the United Kingdom Public Sector Internal Audit Standards (PSIAS) which were last updated in April 2017. Guidance on applying the standards is provided in an accompanying CIPFA Local Government Application Note which was last updated in 2019.
5. The PSIAS require that the purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter. The Internal Audit Charter for ESPO (re-approved by Management Committee 28 February 2017) defines the Finance & Audit Subcommittee (the Subcommittee) as 'the Board'. The PSIAS require the HoIAS to provide an annual report to 'the Board' timed to support the production of either the draft Annual Governance Statement or a different governance related report supporting the financial statements, which will be reported to a future Management Committee.

6. However, the Subcommittee does not have any decision-making authority, and so the HoIAS' annual report will need to be approved by Management Committee at its meeting on 29 June 2022.
7. The PSIAS require the HoIAS' annual report to include:
  - a. an annual internal audit opinion on the overall adequacy and effectiveness of ESPO's control environment
  - b. a summary of the audit work from which the opinion is derived
  - c. a comparison of the work actually undertaken with the work that was planned, including a summary of the performance of the internal audit function
  - d. a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme (QAIP) – **note:** this will be undertaken in time to be reported to the Management Committee on 29 June 2022
  - e. any issues the HoIAS judges particularly relevant to the preparation of the annual governance statement

### **Internal Audit Service Annual Report 2021-22**

8. The annual report for 2021-22 is provided in the Appendix.
9. Headlines from the report are: -
  - a. Whilst one audit returned a partial assurance rating, management has accepted the recommendations and is already working to implement them.
  - b. Overall, positive opinions were given in all three components of the 'control environment' i.e. the framework of governance, risk management and control (Annex 1)
  - c. An overall substantial assurance rating is given that the control environment remains adequate and effective.
  - d. The majority of planned work was achieved
  - e. Several pieces of unplanned work were also achieved

### **Resources Implications**

10. The budget for the provision of the internal audit service is contained within ESPO' Medium Term Financial Strategy under charges by the Servicing Authority.
11. 140 days were provided and the total charge to ESPO was £52,104.

### **Recommendations**

12. That the Finance & Audit Subcommittee notes the Internal Audit Service annual report for 2021-22 and advises the Management Committee accordingly.

**Equal Opportunities Implications**

13. There are no specific equal opportunities implications contained within the annual summary of work undertaken.

**Background Papers**

Constitution of the ESPO Management Committee  
Accounts and Audit Regulations (Amendment) 2015  
The Public Sector Internal Audit Standards (revised from April 2017)  
Annual Internal Audit Plan 2021-22

**Officer to Contact**

Neil Jones  
Head of Internal Audit & Assurance Service

Telephone 0116 305 7629  
Email [Neil.Jones@leics.gov.uk](mailto:Neil.Jones@leics.gov.uk)

**Appendices**

- Appendix Internal Audit Service Annual Report 2021-22
- Annex 1 The HoIAS Annual Opinion on the overall adequacy and effectiveness of ESPO's control environment
- Annex 2 Summary of Internal Audit Service work between 1 April 2021 and 31 March 2022 from which the overall opinion is derived

This page is intentionally left blank

# **ESPO**

## **Leicestershire County Council Internal Audit Service Annual Audit Report 2021-22**

**Neil Jones CPFA, Head of Internal Audit Service,  
Leicestershire County Council**

**27 April 2022**

**ESPO**  
**LEICESTERSHIRE COUNTY COUNCIL INTERNAL AUDIT SERVICE**  
**ANNUAL REPORT 2021-22**

**Background**

1. A common set of Public Sector Internal Audit Standards (PSIAS) was adopted in April 2013 and revised in April 2017. The PSIAS encompass the mandatory elements of the Global Institute of Internal Auditors (IIA Global) International Professional Practices Framework (IPPF) as follows: -
  - i. The Mission of Internal Audit
  - ii. Definition of Internal Auditing
  - iii. Core Principles for the Professional Practice of Internal Auditing
  - iv. Code of Ethics
  - v. International Standards for the Professional Practice of Internal Auditing
2. Additional requirements and interpretations for the local government sector have been inserted into the PSIAS and all principal local authorities (Joint Committees included) must make provision for internal audit in accordance with the PSIAS.
3. The objectives of the PSIAS are to: -
  - a. define the nature of internal auditing within the UK public sector
  - b. set principles for carrying out internal audit in the UK public sector
  - c. establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations
  - d. establish the basis for the evaluation of internal audit performance and to drive improvement planning
4. The PSIAS require the Head of Internal Audit Service (HoIAS) to provide an annual report to 'the Board' (the Finance & Audit Subcommittee) **timed to support the Annual Governance Statement (AGS). Management Committee approves the annual report.**
5. The PSIAS state that the annual report must include:
  - a. an annual internal audit opinion on the overall adequacy and effectiveness of ESPO's governance, risk and control framework (i.e. the control environment) and disclosure of any qualifications to the opinion, together with the reasons for the qualification
  - b. a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies) and disclosure of any impairments or restriction in scope
  - c. a comparison of the work actually undertaken with the work that was planned, including a summary of the performance of the internal audit function against its performance measures and targets

- d. a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme (QAIP) and progress against any improvement plans resulting from a QAIP external assessment
- e. any issues the HoIAS judges particularly relevant to the preparation of the Annual Governance Statement

### **The Annual Internal Audit Opinion on the Adequacy and Effectiveness of ESPO's Control Environment**

- 6. Annex 1 provides detail on how the annual internal audit opinion was formed, defines the types of audits undertaken, assurance ratings, the components of the control environment and what it is designed to achieve and provides a caveat on any opinion reached.
- 7. Based on an objective assessment of the results of individual audits undertaken, actions by management thereafter, and the professional judgement of the HoIAS in evaluating other related activities, the following overall opinion has been reached: -

**Aside from the partial assurance rating given following the audit of cyber security, no other significant governance, risk management or internal control failings have come to the HoIAS' attention therefore substantial assurance is given that ESPO's control environment overall has remained adequate and effective**

### **A summary of the audit work from which the opinion is derived**

- 8. Annex 2 lists the audits undertaken during the year in the respective control environment components (governance, risk management and internal control). The list also contains the individual audit opinion. Summary outcomes and recommendations have been reported throughout the year in the HoIAS' quarterly reports on progress against the annual internal audit plan.
- 9. A number of 2020-21 audits that were at draft report stage were closed with no changes to opinions
- 10. There were three high importance recommendations in the Cyber Security Audit Report in 2021-22. ESPO management has accepted the recommendations and is working on implementing actions to mitigate the risk.
- 11. For the other 'assurance' type (see definitions) audits that were undertaken, based on the answers provided during the audits and the testing undertaken, they each returned a 'substantial assurance' rating, meaning the internal controls in place to reduce exposure to risks currently material to the system's objectives were adequate and were being managed effectively. Although recommendation(s) to bring about improvements were made, they were not significant. Whilst one remained in draft report form at the time of this statement, the HoIAS does not envisage management will dispute their substantial assurance opinions.

12. Twelve audits returning 'no opinion' were 'consulting' (advisory) type audits (see definitions).
13. Three audits remain work in progress at the time of this statement,
14. Three audits were deferred into 2021-22 or cancelled.
15. Other than the External Auditor, there was no reliance on other assurance providers during the year.

**A comparison of work undertaken with work planned including a summary of the performance of the internal audit function**

16. The table below shows planned against actual performance in terms of number of audits (completed to draft issued stage)

**Table 1 : Overall performance against 2021-22 internal audit plan**

	<b><u>Audits</u></b>	<b><u>Complete @ 27/4</u></b>	<b><u>Incomplete @ 27/4</u></b>	<b><u>Cancelled</u></b>
Planned	16	10	3	3
Unplanned	6	6	-	-
Client management	1	1	-	-
<b>Total</b>	<b>23</b>	<b>17</b>	<b>3</b>	<b>3</b>

17. 150 days were originally planned but because of resourcing issues (including covid illnesses) 140 were achieved. Some resource has already been utilised in 2022-23 completing 2021-22 audits.

**A statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme (QAIP)**

18. The HoIAS will undertake a short desk-top self-assessment of LCCIAS's conformance to the PSIAS to confirm that the County Council's internal audit activity generally conforms with the International Standards for the Professional Practice of Internal Auditing. The HoIAS will also review the service's Quality Assurance and Improvement Programme (QAIP).
19. Results of the self-assessment and review will be reported to Management Committee on 29 June 2022.

**Any issues the HoIAS judges particularly relevant to the preparation of the Annual Governance Statement (AGS)**

20. None, but a 'governance group' comprising the Director of ESPO, Assistant Director (Finance) of ESPO; the Consortium Treasurer, the Consortium Secretary, the Council's Democratic Services Officer and the HoIAS will review the draft AGS (or any alternative governance report) before it is presented to Management Committee.

Neil Jones CPFA  
Head of Internal Audit Service  
LCCIAS

27 April 2022

This page is intentionally left blank



**The Head of Internal Audit Service's Annual Opinion  
on the overall adequacy and effectiveness  
of ESPO's control environment  
2021-22**

**Neil Jones CPFA, Head of Internal Audit Service,  
Leicestershire County Council**

**27 April 2022**

## Background

During the financial year 2021-22, Leicestershire County Council Internal Audit Service (LCCIAS) provided internal audit activity to the Eastern Shires Purchasing Organisation (ESPO). LCCIAS conforms to the Public Sector Internal Audit Standards (the PSIAS) revised with effect from April 2017. The PSIAS require the Head of Internal Audit Service (HoIAS) to give an annual opinion on the overall adequacy and effectiveness of ESPO's control environment i.e. its framework of governance, risk management and control. The PSIAS definitions of the types of audits undertaken and of the control environment are to be found at the end of this document, along with further explanation from the Institute of Internal Auditors about what an effective system of internal control facilitates.

The HoIAS annual opinion is **macro-assurance** over a defined period (financial year 2022-22) and combines:

- An objective assessment based on the results of individual audits undertaken and actions taken by management thereafter. Individual internal audit opinions on what level of assurance can be given as to whether risk is being identified and adequately managed are formed by applying systematic grading to remove any elements of subjectivity. **Annex 2** lists the audits and other work undertaken during the year and where appropriate the individual audit opinion. Individual audit engagements provide targeted **micro-assurance**.
- Professional judgement of the HoIAS based on his knowledge, experience and
- evaluation of other related activities. This provides a holistic, strategic insight into ESPO's control environment.
- The HoIAS' views on the ESPO's responses to the coronavirus.

The results of the above, when combined, form the basis for the opinion on ESPO's control environment. However, the caveat at the very end of this document explains what internal control cannot do. i.e., no system of internal control can provide absolute assurance against material misstatement or loss, nor can LCCIAS give absolute assurance, especially given its limited resource. The work of LCCIAS is intended only to provide reasonable assurance on the adequacy of the control environment on the basis of the work undertaken and known facts.

## Governance related internal audit work

Advice was provided on the compilation of the Annual Governance Statement for 2020-21. Good governance principles were found to have been applied in the compilation. The HoIAS is part of a group comprising the ESPO Director, the Assistant Director Finance, the Consortium Treasurer, and Consortium Secretary which review the content of the draft Annual Governance Statement.

The HoIAS and the designated Audit Manager attend the Finance and Audit Subcommittee and appropriate Management Committee meetings to present audit plans and reports, which enables him to gauge ESPO Member governance at first hand. The Audit Manager deputised at a Chief Officer Group meeting providing a different perspective.

The HoIAS and the Audit Manager have regular discussions with the ESPO Director and the Leadership Team, the Consortium Treasurer, and where required the Consortium Secretary, on governance issues and related aspects of audits.

### **Risk management related internal audit work**

The majority of audits planned and conducted were 'risk based' i.e. ensuring that ESPO management identifies, evaluates and manages risk to achieving its objectives i.e. ensuring controls are in place to reduce risk exposure.

An audit of cyber security arrangements returned only a partial assurance rating. ESPO management accepted all findings and is working on implementing recommendations. A follow up audit is planned in 2022/23.

Advice continues to be given in respect of the warehouse project, with the Audit Manager being a critical friend of the project board. In addition, 'Critical friend' membership of the website project board by the Audit Manager was well received and facilitated good governance, the management of risk and control advice.

An assessment of any matches identified in the National Fraud Initiative results was completed and no material issues found.

The HoIAS monitors members engagement with ESPO's risk registers through Management Committee meetings and an audit of the risk management process resulted in a substantial audit opinion, but with a need to update the policy and encourage member engagement on specific risks.

### **Financial (and ICT) Controls related internal audit work**

A number of financial system audits were undertaken including those of ESPO's General Financial Systems, IT General Controls and work provided by the Servicing Authority (H&S). These audits are still being concluded, however from the work completed to date there is nothing to indicate this would adversely affect the overall opinion. The Financial Systems audit will also enable us to complete our testing in respect of a legacy 20/21 partial assurance rating in respect of credit control and enable us to report back to the next relevant committee.

Control advice in respect of changes to the processing of expense payments was given as part of 'emerging risks' and an audit of the process is nearing completion.

Advisory work was undertaken in respect of two attempted bank mandate frauds and a cyber concern, together with a HR issue.

The annual rebates income audit commenced but could not be completed. It would have benefitted from site visits which was not possible in 21/22 but is planned in 22/23.

### **The HoIAS' views on the ESPO's responses to the coronavirus**

Through review of reports and the AGS and attendance at Committee, the HoIAS is satisfied ESPO Management has engaged and protected its employees and customers.

**Aside from the partial assurance rating given following the audit of cyber security arrangements, no other significant governance, risk management or internal control failings have come to the HoIAS' attention therefore substantial assurance is given that ESPO's control environment overall has remained adequate and effective.**

## **Definitions**

The revised 2017 Public Sector Internal Audit Standards (the PSIAS) define the following: -

### **Assurance audit**

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.

### **Consulting audit**

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.

### **Control**

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

### **Control Environment**

The attitude and actions of the board and management regarding the importance of control within the organisation. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements: -

- Integrity and ethical values
- Management's philosophy and operating style
- Organisational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

The Institute of Internal Auditors further explains that the control environment is the foundation on which an effective system of internal control is built and operated in an organisation that strives to achieve its strategic objectives, provide reliable financial reporting to internal and external stakeholders, operate its business efficiently and effectively, comply with all applicable laws and regulations, and safeguard its assets.

**Continued.....**

**Caveat**

The Financial Reporting Council in an Auditing Practices Board briefing paper, 'Providing Assurance on the Effectiveness of Internal Control' explains what internal control cannot do, namely: -

'A sound system of internal control reduces, but cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees or others, management overriding controls and the occurrence of unforeseen circumstances. A sound system of internal control therefore provides reasonable, but not absolute assurance that an organisation will not be hindered in achieving its objectives, or in the orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen. A system of internal control cannot, however, provide protection with certainty against an organisation failing to meet its objectives, or all material errors, losses, fraud or breaches of laws and regulations'.

This page is intentionally left blank

**Summary progress against 2021-22 audits as at 27 April 2022**

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

<u>Ref<sup>1</sup></u>	<u>Type<sup>2</sup></u>	<u>Audit title</u>	<u>Assurance objective</u>	<u>Position @ 27 April 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	<p>Adequate Cyber Security arrangements are in place in accordance with nationally issued good practice guidance and associated self-assessment</p> <p><i>(note this also addresses a key potential risk highlighted in the ESPO Fraud risk assessment work undertaken in 20/21).</i></p>	<p>Final Report Issued to Client – Partial Assurance</p> <p>Three ‘High Importance’ Recommendations related to:</p> <ul style="list-style-type: none"> <li>• Securing and/or decommissioning old legacy systems</li> <li>• Logging/monitoring of the network and key applications</li> <li>• Developing a Cyber Security Incident Response Plan</li> </ul> <p>In addition, there were a high number of standard recommendations made and accepted and so due to the volume and nature of the recommendations a follow up piece of work has also been put in the 22/23 plan.</p> <p>This audit took significantly longer than</p>

				originally budgeted.
22-E	GO	Frameworks	Developing any new/developed mirrored offerings/Time taken	Work completed for 21/22 but full coverage and associated report 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.	Final Report Issued – Substantial Assurance
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 could not be confirmed or recovered due to the supplier no longer trading and the business legally dissolved.
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-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)	Work being completed in conjunction with IT General Controls in order to maximise synergies and avoid duplication
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-Q	IC	Servicing Authority	Key Performance Indicators for services provided by the Servicing Authority are adhered to	Work completed for 21/22 but full coverage and associated report will straddle two financial years.
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	Significant amount of ad hoc work in relation to: <ul style="list-style-type: none"> <li>• 22-R(1) - Overtime Claim</li> </ul>

			legislative	<p>(An audit is planned in the draft 2022/23 Pan to review variations to pay).</p> <ul style="list-style-type: none"> <li>• 22-R(2) - Mandate Fraud #1</li> <li>• 22-R(3) - Email Account Hack</li> <li>• 22-R(4) - Mandate Fraud #2</li> </ul> <p>For the three audits above, a cyber security audit was undertaken in 2021/22 to assess these risks</p>
--	--	--	-------------	---

**Audits in progress**

<b><u>Ref</u></b>	<b><u>Type</u></b>	<b><u>Audit title</u></b>	<b><u>Assurance objective</u></b>	<b><u>Position @ 27 April 2022</u></b>
22-I	RM	Credit Control	Follow up recommendations from the 2020/21 report	<p>Testing nearing completion</p> <p>Remaining testing being undertaken in conjunction with the General Financial Systems Audit (See 22-N below) in order to maximise efficiencies.</p>
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	<p>Testing nearing completion – slightly delayed due to External Audit work being undertaken by ESPO Finance Section</p> <p><i>Note: work was only due to commence in the final quarter i.e. Jan 22</i></p>
22-O	IC	IT general controls (*)	The range of controls expected by the External Auditor are well designed and consistently applied.	<p>Testing currently being undertaken. Work slightly behind schedule due to competing demands within ESPO IT Section.</p> <p><i>Note: work was only due to commence in the</i></p>

				<i>final quarter i.e. Jan 22</i>
--	--	--	--	----------------------------------

**Audits not started**

None

**Deferred/Cancelled Jobs**

<b><u>Ref</u></b>	<b><u>Type</u></b>	<b><u>Audit title</u></b>	<b><u>Assurance objective</u></b>	<b><u>Position @ 27 April 2022</u></b>
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 off	To be risk assessed in 2022/23 for continued relevance taking into account the role of the board in sign 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 deferred into the 22/23 plan to allow COVID regulations/associated employer and supplier procedures to be understood and followed.

None

<sup>1</sup>unique 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)

<sup>2</sup>the three elements of the control environment (governance, risk management and internal control)

<sup>3</sup>traditionally audits where the external auditor has placed reliance on the work of internal audit

This page is intentionally left blank



## **ESPO FINANCE AND AUDIT SUBCOMMITTEE – 11 MAY 2022**

### **INTERNAL AUDIT SERVICE**

## **PROGRESS AGAINST THE 2021-22 and 2022-23 INTERNAL AUDIT PLANS**

### **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 and 2022/23 Plans were approved by the Management Committee on 17 March 2021 and 16 March 2022 respectively. The scope of the audits and progress against them is shown in Appendix 1 and 2 respectively.

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

### Partial Assurance opinion rating:

7. There has been one partial assurance opinion audit rating in our 21/22 coverage in relation to a Cyber Security Audit. The audit identified three high importance recommendations in the following areas:

- Securing and/or decommissioning old legacy systems
- Logging/monitoring of the network and key applications
- Developing a Cyber Security Incident Response Plan

In addition, there were a high number of standard recommendations made and accepted and so due to the volume and nature of the recommendations a follow up piece of work has also been put in the 22/23 plan.

8. There is also one 20/21 legacy partial assurance audit in respect of Credit Control. The audit identified the need for control improvements in the following areas: -
  - Defined procedures
  - Credit Control Policy
  - Debt Management Policy
  - Suitably Qualified and Trained Staff adhering to policies/procedures
  - Timely Management Information
  - System Access
  - Effective link between the management of credit and the supply of goods and/or services
  - Financial regulations embedded into business processes
  - Segregation of Duties

Whilst testing of the majority of these areas has now been completed, for efficiency reason, testing of the remaining parts is being completed at the same time as our General Financial Systems audit coverage. This work is due for completion before the end of the June 2022 and so progress against the partial assurance audit will be reported back to the next relevant committee meeting.

### In year changes to plan:

9. As reported and approved previously in February, there were three deferred/cancelled audits which were more than offset by six unplanned jobs that were completed during the financial year 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
<b>Sub-total</b>		<b>22</b>
Less deferred or cancelled jobs	D, F & P	3
<b>Total</b>		<b>19</b>

### 2021/22 Progress to closedown

10. A summary of progress is as follows: -

<u>Type</u>	<u>Number</u>	<u>Opinion</u>	<u>Reference</u>
Current year completed work/completed consultancy work	16	1 x Prior Year	22-A
		1 x Partial Assurance	22-C
		1 x Substantial Assurance	22-G
		1 x Draft Reports i.e. but currently substantial assurance	22-M2
		6 x Planned	22-B, 22-H, 22-J, 22-K, 22-

		advisory and/or Consultancy Complete  2 x Complete for 21/22 but work straddles two financial years  4 x Unplanned advisory and/or consultancy – all complete	L, 22-M(1).  22-E, 22-Q,  22-R(1), 22-R(2), 22-R(3), 22-R(4)
Work in progress	3	N/A	22-I, 22-N, 22-O
Cancelled/ Deferred Audits	3	N/A	22-D, 22-F & 22-P

11. The three audits still classed as work in progress have been transferred into the 2022/23 Internal Audit plan and will be completed in the first quarter. It should be noted however that several audits from the 2022/23 plan have been started early to offset these three outstanding audits from the 2021/22 plan – see further below.
12. Appendix 1 provides more detail in respect of 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.

#### 2022/23 Progress to date

13. A summary of progress against the 2022/23 plan is as follows: -

<u>Type</u>	<u>Number</u>	<u>Opinion</u>	<u>Reference</u>
On-going consultancy work	2	2 x On-Going Advisory	22/23-F, G,
Work in progress	11	Work in progress	22/23-A, B, C, D, I, L, M, N, O, Q, R

Not started	6	N/A	22/23-E, H, J, K, P, S
-------------	---	-----	------------------------

13. The above table demonstrates that considerable early progress has been made with 22/23 audits.
14. Appendix 2 provides more detailed progress against the 2022-23 plan. Again, 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**

15. That the contents of the report be noted.

### **Equal Opportunities Implications**

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

### **Background Papers**

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

Report to ESPO Management Committee 16 March 2022 – Annual Internal Audit Plan 2022/23

### **Officer to Contact**

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

Tel: 0116 305 7629

Email: [neil.jones@leics.gov.uk](mailto:neil.jones@leics.gov.uk)

### **Appendices**

Appendix 1 - Summary progress against 2021-22 audits as at May 2022

Appendix 2 - Summary progress against 2022-23 audits as at May 2022

This page is intentionally left blank

**Summary progress against 2021-22 audits as at 27 April 2022**

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

<b><u>Ref<sup>1</sup></u></b>	<b><u>Type<sup>2</sup></u></b>	<b><u>Audit title</u></b>	<b><u>Assurance objective</u></b>	<b><u>Position @ 27 April 2022</u></b>
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	<p>Adequate Cyber Security arrangements are in place in accordance with nationally issued good practice guidance and associated self-assessment</p> <p><i>(note this also addresses a key potential risk highlighted in the ESPO Fraud risk assessment work undertaken in 20/21).</i></p>	<p>Final Report Issued to Client – Partial Assurance</p> <p>Three 'High Importance' Recommendations related to:</p> <ul style="list-style-type: none"> <li>• Securing and/or decommissioning old legacy systems</li> <li>• Logging/monitoring of the network and key applications</li> <li>• Developing a Cyber Security Incident Response Plan</li> </ul> <p>In addition, there were a high number of standard recommendations made and accepted and so due to the volume and nature of the recommendations a follow up piece of work has also been put in the 22/23 plan.</p> <p>This audit took significantly longer than</p>

				originally budgeted.
22-E	GO	Frameworks	Developing any new/developed mirrored offerings/Time taken	Work completed for 21/22 but full coverage and associated report 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.	Final Report Issued – Substantial Assurance
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 could not be confirmed or recovered due to the supplier no longer trading and the business legally dissolved.
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-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)	Work being completed in conjunction with IT General Controls in order to maximise synergies and avoid duplication
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-Q	IC	Servicing Authority	Key Performance Indicators for services provided by the Servicing Authority are adhered to	Work completed for 21/22 but full coverage and associated report will straddle two financial years.
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	Significant amount of ad hoc work in relation to: <ul style="list-style-type: none"> <li>• 22-R(1) - Overtime Claim</li> </ul>

			legislative	<p>(An audit is planned in the draft 2022/23 Pan to review variations to pay).</p> <ul style="list-style-type: none"> <li>• 22-R(2) - Mandate Fraud #1</li> <li>• 22-R(3) - Email Account Hack</li> <li>• 22-R(4) - Mandate Fraud #2</li> </ul> <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 @ 27 April 2022</u>
22-I	RM	Credit Control	Follow up recommendations from the 2020/21 report	<p>Testing nearing completion</p> <p>Remaining testing being undertaken in conjunction with the General Financial Systems Audit (See 22-N below) in order to maximise efficiencies.</p>
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	<p>Testing nearing completion – slightly delayed due to External Audit work being undertaken by ESPO Finance Section</p> <p><i>Note: work was only due to commence in the final quarter i.e. Jan 22</i></p>
22-O	IC	IT general controls (*)	The range of controls expected by the External Auditor are well designed and consistently applied.	<p>Testing currently being undertaken. Work slightly behind schedule due to competing demands within ESPO IT Section.</p> <p><i>Note: work was only due to commence in the</i></p>

				<i>final quarter i.e. Jan 22</i>
--	--	--	--	----------------------------------

**Audits not started**

None

**Deferred/Cancelled Jobs**

<b><u>Ref</u></b>	<b><u>Type</u></b>	<b><u>Audit title</u></b>	<b><u>Assurance objective</u></b>	<b><u>Position @ 27 April 2022</u></b>
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 off	To be risk assessed in 2022/23 for continued relevance taking into account the role of the board in sign 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 deferred into the 22/23 plan to allow COVID regulations/associated employer and supplier procedures to be understood and followed.

None

<sup>1</sup>unique 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)

<sup>2</sup>the three elements of the control environment (governance, risk management and internal control)

<sup>3</sup>traditionally audits where the external auditor has placed reliance on the work of internal audit

This page is intentionally left blank

**Summary progress against 2022-23 audits as at 27 April 2022**

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

None

**Audits in progress**

<b><u>Ref</u></b>	<b><u>Type2</u></b>	<b><u>Audit title</u></b>	<b><u>Assurance objective</u></b>	<b><u>Position @ 27 April 2022</u></b>
22/23 - A	Various	Continuation of work commenced in 2021-22	To complete any outstanding audits that overlap the financial year	Nearing Completion
22/23 - B	Governance	Annual Governance Requirements 2021-22	Revised governance reporting arrangements are suitable	Planning Commenced
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>Work will focus on ensuring the recommendations in the 21/22 report have been addressed</i>	Ad-hoc control advice issued on addressing recommendations of 21/22 report and terms of engagement for 22/23 coverage being drafted
22/23-D	Governance	Frameworks	Developing any new/developed mirrored offerings/Time taken	Continuation of work commenced in 21/22
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	Critical Friend Project Board Membership has commenced
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	Work commenced on drafting terms of engagement and confirming datasets.

			in Feb 2023 with the overall objective of results being correctly interpreted and investigated and have due regard for a segregation of duties.	
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	In house procedures requested in order to finalise the terms of engagement and commence testing.
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	Terms of engagement being drafted but will be finalised after completion of 21/22 coverage and after including any relevant material control weaknesses if identified by the External Auditors.
22/23-M	Internal control	IT general controls (*)	The range of controls expected by the External Auditor are well designed and consistently applied.	Terms of engagement being drafted but will be finalised after completion of 21/22 coverage and after including any relevant material control weaknesses if identified by the External Auditors.
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	Work in progress – note: work straddled two financial years.
22/23-O	Internal control	Counter Fraud: Bank Mandate Fraud	Policies and procedures surrounding the amendment of bank accounts are robust	In house procedures requested in order to finalise the terms of engagement and commence testing.
22/23-Q	Internal control	Counter Fraud: Data Analytics - Accounts	Use of Data Analytics to provide assurance in respect of the accounts payables vendor	Terms of Engagement being drafted and data requested in

		Payables Vendors	database	order to commence testing.
22/23-R	Internal control	Servicing Authority	Key Performance Indicators for services provided by the Servicing Authority are adhered to	Testing nearing completion – <i>note this work straddled two financial years.</i>

**Audits not started**

<b><u>Ref</u></b>	<b><u>Type<sup>2</sup></u></b>	<b><u>Audit title</u></b>	<b><u>Assurance objective</u></b>	<b><u>Position @ 27 April 2022</u></b>
22/23-E	Governance	Procurement	Policies and procedures in place have due regard for legislative requirements and timeliness and appropriateness of decision making	N/A
22/23-H	Risk Management	IT Developments	Work to be conducted in accordance with ESPO IT Key Deliverables 22/23	N/A
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	N/A
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	N/A
22/23-P	Internal control	Counter Fraud: Approval process for variations to pay	Variations to pay are appropriately authorised in accordance with procedures	N/A
22/23-S	Various	Contingency	Unforeseen events brought to the attention of the Head of Internal Audit Service by either	N/A

			ESPO Leadership Team or the Consortium Officers	
--	--	--	---	--

**Deferred Jobs**

None

<sup>1</sup>unique 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)

<sup>2</sup>the three elements of the control environment (governance, risk management and internal control)

<sup>3</sup>traditionally audits where the external auditor has placed reliance on the work of internal audit

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