



ESPO FINANCE AND AUDIT SUBCOMMITTEE – 9 JUNE 2015

INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2014-15 INTERNAL AUDIT PLAN

REPORT OF THE CONSORTIUM TREASURER

Purpose of the Report

1. To provide a summary of Leicestershire County Council's Internal Audit Service (LCCIAS) work to the Subcommittee and highlight any audits where high importance (HI) recommendations 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. Variations to the plan can occur but need to be considered with and agreed by the Treasurer and the Director of ESPO.

Summary of Progress

4. Audits completed (to a minimum stage of draft being reviewed) between 11 February and 22 May 2015, are shown in **Appendix 1**. The 'opinion' is what level of assurance can be given 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. This is to be found in the HoIAS' Annual Report elsewhere on the agenda.
5. There are four classifications of assurance: full; substantial; partial; and little. A report that has a high importance (HI) recommendation would not normally

get a classification above partial. Exceptions would be where the controls are sound but there is a high importance efficiency recommendation.

6. There were no audits with high importance recommendations/partial assurance opinions in the final quarter.
7. **Appendix 2** summarises at 22 May 2015, conclusions and key recommendations for completed audits; the scope likely opinion and proposed closure date for audits in train and reasons for audits not started.

Recommendation

8. That the contents of the report be noted.

Equal Opportunities Implications

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

Background Papers

Report to ESPO Management Committee on 27 September 2012 – Finance and Audit Subcommittee – Proposed terms of reference and indicative work plan

Report to ESPO Finance and Audit Subcommittee 10 June 2014 – Annual Internal Audit Plan

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Appendices

Appendix 1 – Summary of Internal Audit Service work between 11 February and 22 May 2015

Appendix 2 – Summary outcomes of remaining 2014-15 audits at 22nd May 2015