



## ESPO FINANCE AND AUDIT SUBCOMMITTEE – 8 SEPTEMBER 2015

### INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2015-16 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 quarterly 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 23 May and 25 August 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.
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. Four 2014-15 audits that were incomplete at the end of March have been concluded. There were no audits with high importance recommendations or partial assurance opinions in the final quarter.
7. **Appendix 2** summarises at 25 August 2015, conclusions and key recommendations for completed audits; the scope of audits in train and a list of others not yet started. The position is at this time of the year with a lot of work in progress is normal. ESPO's Assistant Director (Finance) is liaison to plan and progress audits.

### **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  
<http://ow.ly/Rlh1Q>

Report to ESPO Finance and Audit Subcommittee 9 June 2015 – Annual Internal Audit Plan  
<http://ow.ly/RlhBs>

### **Officer to Contact**

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### **Appendices**

Appendix A – Summary of Internal Audit Service work between 23 May and 25 August 2015

Appendix B – Summary outcomes of remaining 2014-15 audits, work in progress and audits not yet started 25 August May 2015