

**CORPORATE GOVERNANCE COMMITTEE**  
**17 NOVEMBER 2015**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**INTERNAL AUDIT SERVICE PROGRESS REPORT**

**Purpose of Report**

1. The purpose of this report is to give a summary of Leicestershire County Council's Internal Audit Service (LCCIAS) work since the last report to the Committee and report where high importance recommendations have been made.

**Background**

2. Under the County Council's Constitution, the Committee is required to monitor the adequacy and effectiveness of the system of internal audit, which is provided by LCCIAS. To do this, the Committee receives periodic reports on progress against the annual Internal Audit Plan. The Committee is also tasked with monitoring the implementation of high importance recommendations.
3. Most planned audits undertaken are of an 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on whether risk is being mitigated. Other planned audits are of a 'consulting' type, which are primarily advisory and allow for guidance to be provided to management. These are intended to add value, for example, by commenting on the effectiveness of controls designed before implementing a new system. Also, unplanned 'investigation' type audits may be undertaken.

**Summary of progress against the Internal Audit Plan 2015-16**

4. This report covers the position as at 30 October 2015. It has only been six weeks since the last position report and there is a lot of work in progress.
5. The outcome of audits completed since the last progress report to the Committee is shown in **Appendix 1**. Where audits undertaken are '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. what level of assurance can be given that material risks are being managed. There are usually four levels: full; substantial; partial; and little. A report with at least one high importance recommendation would normally be classified as 'partial'.

6. Where the auditor's work has been quality reviewed by an Audit Manager and there's confidence that the opinion given will be acceptable to management and is unlikely to change, then it is shown in the appendix (draft issued).
7. LCCIAS also undertakes consulting/advisory type audits. Examples include advice, commentary on management's intended control design and framework and potential implications of changes to systems, processes and policies. Where these have incurred a reasonable amount of resource they are now also included in Appendix 1.
8. **Appendix 2** details high importance (HI) recommendations and provides a short summary of the issues surrounding these. The relevant manager's agreement (or otherwise) to implementing the recommendation and implementation timescales is shown. Recommendations that have not been reported to the Committee before or where LCCIAS has identified that some movement has occurred to a previously reported recommendation are shown in **bold font**. Entries remain on the list until the auditor has confirmed (by specific re-testing) that action has been implemented.
9. To summarise movements within Appendix 2: -
  - a. The implementation dates for the three HI recommendations (E&T SEN transport risk assessments) are not yet due.
  - b. The implementation dates for the two HI recommendations (E&T Resource Allocation System) have been further extended to allow for a period of settling down after a review and reorganisation

#### **Resource Implications**

10. None

#### **Equal Opportunities Implications**

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

#### **Recommendation**

12. That the contents of the report be noted.

#### **Background Papers**

The Constitution of Leicestershire County Council

Report to the Corporate Governance Committee on 12 June 2015 - Internal Audit Plan for 2015-16

#### **Circulation under the Local Issues Alert Procedure**

None.

### **Officer to Contact**

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### **Appendices**

Appendix 1 - Summary of Internal Audit Service work at 30 October 2015

Appendix 2 - High Importance Recommendations