



**ESPO MANAGEMENT COMMITTEE – 4 DECEMBER 2015**

**THE RESOLUTION OF INTERNAL AUDIT HIGH IMPORTANCE  
RECOMMENDATIONS**

**REPORT OF THE CONSORTIUM TREASURER**

**Purpose of Report**

1. To inform the Management Committee that internal audit high importance recommendations have been resolved.

**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. Leicestershire County Council's Internal Audit Service (LCCIAS) provides the internal audit function for ESPO.
3. The Constitution of ESPO specifies that one of the general functions of the Management Committee shall be agreeing the resolution of high importance audit recommendations (2.1.3 (e)).
4. A high importance (HI) recommendation denotes that there is either an absence of control or evidence that a designated control is not being operated and as such the system is open to material risk exposure. It is particularly important that management quickly addresses those recommendations denoted as HI and implements an agreed action plan without delay.

**High importance recommendations**

5. Following an audit of the project management arrangements for the replacement energy management system, the Finance and Audit Subcommittee was informed at its meeting on 17 November 2014 that high importance recommendations had been made to manage the known risks of data migration, system testing and interfaces to financial systems. The Subcommittee was assured that changes were being done slowly in order to identify any errors in data transfer and ensure the transfers were done effectively.
6. Follow up internal audit work was undertaken, and at its meeting on 16 November 2015 the Subcommittee was informed that the high importance recommendations are being managed sufficiently in order to close them off.

### **Resources Implications**

7. The budget for the provision of the internal audit service is contained within ESPO' Medium Term Financial Strategy under charges by the Servicing Authority.

### **Recommendation**

11. That the Committee notes the resolution of the high importance recommendations in the replacement energy system.

### **Equal Opportunities Implications**

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

### **Background Papers**

Report to ESPO Finance and Audit Subcommittee 9 June 2015 – Annual Internal Audit Plan

<http://ow.ly/RlhBs>

### **Officer to Contact**

Neil Jones  
Head of Internal Audit Service

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

### **Appendices**

None.