



CORPORATE GOVERNANCE COMMITTEE – 13th MAY 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

INTERNAL AUDIT SERVICE PROGRESS REPORT

Purpose of Report

1. The purpose of this report is to:
 - a. provide a summary of progress against the Internal Audit Plan 2015-16;
 - b. report on progress with implementing high importance recommendations.

Background

2. Under the County Council's Constitution, the Committee is required to monitor the adequacy and effectiveness of the internal audit function, which is provided by Leicestershire County Council's Internal Audit Service (LCCIAS). To do this, the Committee receives periodic reports on progress against the annual Internal Audit Plan.
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 guidance to management. These 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 up to 30 April 2016.
5. The outcome of audits completed since the last progress report to the Committee is shown in **Appendix 1**. For assurance audits an 'opinion' is 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 is confidence that the draft report findings and conclusions will be accepted by management and are unlikely to change, then the opinion is shown in the appendix. However, for audits that are awaiting review the opinion is not recorded.
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. Also, Internal Audit Service staff have assisted colleagues in Strategic Finance to investigate/clear financial system errors and backlogs. Where these incur a reasonable amount of resource they are also included in Appendix 1.

Progress with implementing high importance recommendations

8. The Committee is also tasked with monitoring the implementation of high importance recommendations. **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. Children and Family Services and Adults and Communities – Learning Disability Transitions. Three new HI recommendations were made. There has already been progress made.
 - b. Environment and Transport – SEN (Special Educational Needs) transport risk assessments. The implementation dates have been extended. Nevertheless, assurances have been received that substantial progress is being made.
 - c. Environment and Transport - Resource Allocation System. The implementation dates are not yet due. A progress report has been provided.

Resources 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.

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Appendices

Appendix 1 - Summary of Internal Audit Service work up to 30 April 2016

Appendix 2 - High Importance Recommendations

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