



CORPORATE GOVERNANCE COMMITTEE

25 NOVEMBER 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 2016-17
 - 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 2016-17

4. This report covers the position up to 11 November 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'. Audits of grants, returns to government are not graded.

6. The appendix shows reasonable progress has been made to the 11th November, but there remains a lot of work in progress.
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 has 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. C&FS and A&C – Learning Disability Transitions. C&FS and A&C – Learning Disability Transitions. Regarding the one remaining recommendation, there is evidence that an improved forecasting model has been developed and implemented. Specific internal audit testing is scheduled in December to confirm the new process is embedded.
 - b. E&T - SEN transport risk assessments. Internal audit testing and information provided by the department has provided assurance that good progress is being made. Further testing planned for April 2017. Full implementation dates have been further extended.

Resources Implications

10. None

Equality and Human Rights Implications

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

Recommendations

12. That the contents of the report be noted.

Background Papers

The Constitution of Leicestershire County Council

Report to the Corporate Governance Committee on 13 May 2016 - Internal Audit Plan for 2016-17

Circulation under the Local Issues Alert Procedure

None.

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Appendices

- Appendix 1 - Summary of Internal Audit Service work up to 11 November 2016
- Appendix 2 - High Importance Recommendations

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