



**CORPORATE GOVERNANCE COMMITTEE**  
**22 SEPTEMBER 2017**

**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 2017-18
  - 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 2017-18**

4. This report covers the position with 2017-18 work as at 13 September 2017.
5. The outcome of audits completed since the last progress 'cut off' (12 May 2017) reported to the Committee on 26 May February is shown in **Appendix 1**. 2016-17 audits that were not concluded at 12 May are now shown. For assurance audits (sides 1 and 2 of the Appendix) 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. 'Partial' ratings are normally given when the auditor has reported at least one high importance recommendation, which would be reported to this Committee and a follow up audit would ensue to confirm action had been implemented. Occasionally, the

auditor might report a number of recommendations that individually are not graded high importance but collectively would require a targeted follow up to ensure improvements have been made.

6. LCCIAS also undertakes consulting/advisory type audits (side 2). Where these incur a reasonable amount of resource they are also included. Examples include advice, commentary on management's intended control design and framework and potential implications of changes to systems, processes and policies.
7. The consulting section refers to work undertaken by the Council's internal auditors reviewing, challenging and advising on Information Security Risk Assessments (ISRA). The Council is currently undergoing a consensual audit by the Information Commissioner's Office of its processing of personal data and general compliance with the Data Protection Act 1998. The ICO audit scope includes a review of the Council's ISRA process.
8. Side 3 includes a table listing investigation work concluded in the period. Audits of grants and other returns to Government are not graded.
9. Finally, side 4 shows 'Other control environment/assurance work', which gives a flavour of where internal auditors are utilised to challenge and improve governance, risk management and internal control processes which ultimately strengthens the overall control environment.

#### **Progress with implementing high importance recommendations**

10. 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 update 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.
11. To summarise movements within Appendix 2: -
  - a. **New** – A&C - Direct Payments Cards. Plan already in place. Follow up towards end of October.
  - b. C&FS – Mandatory training. Some progress, but extend out to October.
  - c. E&T - SEN transport risk assessments. Further detailed update provided. Internal audit testing remains planned for October 2017. Added to Corporate Risk Register.

**Resources Implications**

12. None

**Equality and Human Rights Implications**

13. There are no discernible equality and human rights implications resulting from the audits listed.

**Recommendations**

14. That the contents of the report be noted.

**Background Papers**

The Constitution of Leicestershire County Council

Report to the Corporate Governance Committee on 26 May 2017 - Internal Audit Plan for 2017-18

**Circulation under the Local Issues Alert Procedure**

None.

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**Appendices**

- Appendix 1 - Summary of Internal Audit Service work undertaken between 13 May and 13 September 2017
- Appendix 2 - High Importance Recommendations

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