



ESPO FINANCE AND AUDIT SUBCOMMITTEE – 6 FEB 2019

INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2018-19

INTERNAL AUDIT PLAN

REPORT OF THE CONSORTIUM TREASURER

Purpose of the Report

1. To provide a summary of Leicestershire County Council Internal Audit Service's (LCCIAS) work to the Subcommittee and highlight any audits where high importance (HI) recommendations have been made and the position against implementing actions required. .

Background

2. The Consortium Treasurer (the Treasurer) is responsible for the proper administration of ESPO's financial affairs. In accordance with ESPO's Financial Regulations Rule 15, specific responsibility for arranging a continuous internal audit is delegated to the Treasurer. Under its terms of reference the Finance and Audit Subcommittee (the Subcommittee) should receive and review audit and governance reports. The Subcommittee also monitors the adequacy and effectiveness of the internal audit service provided to ESPO. To achieve this, the Subcommittee is provided with periodic progress reports.
3. The audits undertaken are based on the Annual Internal Audit Plan (the Plan). Variations to the Plan can occur but need to be considered with and agreed by the Treasurer and the Director of ESPO.
4. The 2018/19 Plan was approved by Management Committee on 28 February 2018. The detailed plan is included at **Appendix 1** and progress against these audits is shown in more detail in **Appendix 2**.

Summary of Progress

Audit Opinion:

5. Where audits undertaken are an '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. the level of assurance that

material risks are being managed. The sum of individual engagement opinions assists the Head of Internal Audit Service (HoIAS) to form an annual opinion on the overall adequacy of ESPO's control environment, comprised of its governance, risk management and internal control framework. There are four levels of assurance: full; substantial; partial; and little. A report that has a high importance (HI) recommendation would not normally get an opinion above partial assurance. Exceptions would be where the controls are sound but there is a high importance efficiency recommendation.

High Importance Recommendations

6. There have not been any high importance audits from our 2018/19 coverage to date. Follow up of one of the 17/18 high importance recommendations in respect of data protection has resulted in the assurance being lifted to substantial. There is however one other piece of work in respect of the MStar contract whereby a high importance recommendation has not been fully addressed although significant improvement has been made. This will be further explained in a verbal update to this Subcommittee by the Director, with a written update being made to in the Directors Progress report to the Management Committee on 27 Feb 2019.

2018/19 Progress to date

7. A summary of audits completed to at least draft report stage is: -
 - a. 2017/18 year audits reports – 5 (*All complete, 4 substantial assurance and one full assurance*)
 - b. Current year finalised audit reports – 6
 - c. Current year draft reports – 2
 - d. Current year on going advisory/consulting work – 2
 - e. Current year work in progress – 6
 - f. Current year jobs not started - 2

8. Appendix 2 summarises progress against the 2018-19 plan Audit reference numbers (in the sequence of the agreed internal audit plan) and type (governance, risk management and internal control) have been added to track each audit's progress.

Recommendation

9. That the contents of the report be noted.

Equal Opportunities Implications

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

Background Paper

Report to ESPO Management Committee 28 February 2018 – Annual Internal Audit Plan 2018/19

Officer to Contact

Neil Jones Head of Internal Audit & Assurance Service
Leicestershire County Council

Tel: 0116 305 7629

Email: neil.jones@leics.gov.uk

Appendices

Appendix 1 - ESPO Management Committee 28 February 2018 approved Annual Internal Audit Plan 2018/19

Appendix 2 – Summary progress against 2018-19 audits as at 23 January 2018

This page is intentionally left blank