



ESPO FINANCE AND AUDIT SUBCOMMITTEE – 12 FEBRUARY 2020

INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2019-20

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 2019/20 Plan was approved by Management Committee on 19 June 2019. The scope of the audits and progress against them is shown in the **Appendix**.

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.

6. Consulting/advisory audits do not result in an opinion but are taken into account in the HoIAS annual opinion.

High Importance Recommendations

7. There have not been any high importance audits from our 2019/20 coverage to date.

Virement:

8. One job will not be required in respect of Business Growth (Ref 20-06) due to no further business acquisitions taking place during the year. More coverage has been and will continue to be needed in respect of the Website Project and therefore this may require a virement from this job and contingency.

2019/20 Progress to date

9. A summary of progress is as follows: -

<u>Type</u>	<u>Number</u>	<u>Opinion</u>	<u>Reference</u>
Current year completed work/on-going consultancy work	7	1 x Prior Year 1 x Substantial Assurance 2 x Draft Reports i.e. Opinion TBC 3 x Consultancy	20-01 20-02 20-14 & 20-15 20-07, 20-10 & 20-12
Work in progress	10	N/A	Jobs 20-03, 20-04, 20-05, 20-08, 20-9, 20-11, 20-13, 20-16, 20-17, 20-18
Cancelled Job	1	N/A	Jobs 20-06

10. Of the 10 jobs that are currently work in progress, 7 are required to be undertaken in the final quarter for various reasons and one has been put on hold pending the results of a Data Protection Business Impact Assessment required prior to completing the work. With this in mind, a further two jobs that were originally intended for quarter 4 were brought forward and have been completed to draft (Jobs 20-14 & 20-15).
11. The Appendix summarises progress against the 2019-20 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

12. That the contents of the report be noted.

Equal Opportunities Implications

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

Background Paper

Report to ESPO Management Committee 19 June 2019 – Annual Internal Audit Plan 2019/20

Officer to Contact

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Appendices

Appendix - Summary progress against 2019-20 audits as at 31 January 2020

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