



ESPO FINANCE AND AUDIT SUBCOMMITTEE – 20 MAY 2020

INTERNAL AUDIT SERVICE

CLOSE DOWN OF 2019-20 AND PROGRESS AGAINST THE 2020-21 INTERNAL AUDIT PLANS

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 the Management Committee on 19 June 2019 and the 2020/21 Plan was approved by the Finance and Audit Sub Committee 12 February 2020. The scope of the audits and progress against them is shown in Appendix 1 and 2 respectively.

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 or 2020/21 coverage to date.

Virement:

8. As reported previously in February, one job was not required in respect of Business Growth (Ref 20-06). This was due to no further business acquisitions taking place during the year. Additional coverage was required in respect of the Website Project and therefore this required a virement from this job and from contingency.

2019/20 Progress to closedown

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	13	1 x Prior Year	20-01
		3 x Substantial Assurance	20-02, 20-14, 20-15
		4 x Draft Reports i.e. Opinion TBC but currently no HI recommendations	20-04, 20-09, 20/11, 20/13
		3 x Consultancy	20-07, 20-10 & 20-12
		2 x On-going but completed for year	20-03, 20-16

Work in progress	4	N/A	Jobs 20-05, 20-08, 20-17, 20-18
Cancelled Job	1	N/A	Jobs 20-06

10. The four jobs still classed as work in progress have been transferred into the 2020/21 Internal Audit plan and all four were delayed either directly or indirectly due to COVID-19 reasons. Due to this, and as defined elsewhere in this report, we commenced several pieces of 2020/21 work/preparation early where such work could be undertaken remotely
11. Appendix 1 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.

2020/21 Progress to date

12. A summary of progress against the 2020/21 plan is as follows: -

<u>Type</u>	<u>Number</u>	<u>Opinion</u>	<u>Reference</u>
Current year completed work/on-going consultancy work	3	2 x On-going 1 x Consultancy	21-I & 21/K 21-E
Work in progress	9	N/A	21-A, B, C, F, H, J, N, O & R
Not started	6	N/A	21-D, G, L, M, P & Q

13. The above table demonstrates that whilst there remains work to complete from 19/20, our business continuity planning has ensured that this has been more than offset by making considerable progress with 20/21 jobs.
14. Appendix 2 summarises progress against the 2020-21 plan. Again 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

15. That the contents of the report be noted.

Equal Opportunities Implications

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

Background Papers

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

Report to ESPO Finance and Audit Sub Committee 12 February 2020 – Annual Internal Audit Plan 2020/21

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Appendices

Appendix 1 - Summary progress against 2019-20 audits as at May 2020

Appendix 2 - Summary progress against 2020-21 audits as at May 2020