



ESPO FINANCE AND AUDIT SUBCOMMITTEE – 3 FEBRUARY 2021

INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2020-21

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 2020-21 Plan was discussed at Finance and Audit Sub Committee on 12 February 2020 and subsequently approved by Management Committee on 4 March 2020. 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 recommendations from our 2020-21 coverage to date.

Virements:

8. Two audits will not be undertaken in 2020-21 and those relate to Business Growth and rebates. Both of these audits have been included in the 2021-22 Internal Audit Plan though.
9. An additional five audits have been added into the plan and subsequently completed and these are detailed in the end of the appendices (Ref 21-S 1-5).

2020-21 Progress to date

10. 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 2 x Substantial Assurance 3 x Draft Reports i.e. Opinion TBC 8 x Advisory	21-A 21-C & 21S-5 21-B, 21-H & 21J 21-E, 21-G, 21-I, 21-K, 21S-1, 21S-2, 21S-4 & 21S-5.
Work in progress	7	N/A	21-D, 21-L, 21-M, 21-N, 21-O, 21-Q & 21-R
Deferred Jobs	2	N/A	21-F & 21-P

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11. Of the eight jobs that are currently work in progress, five are required to be undertaken in the final quarter for various reasons and one is delayed until physical evidence can be obtained from ESPO.
12. The Appendix summarises progress against the 2020-21 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

13. That the contents of the report be noted.

Equal Opportunities Implications

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

Background Paper

Report to ESPO Management Committee 4 March 2020 – Annual Internal Audit Plan 2020-21

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Appendix

Summary progress against 2020-21 audits as at 25 January 2021

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