



CORPORATE GOVERNANCE COMMITTEE – 4 JUNE 2021
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 work conducted during the period 9 January to 14 May 2021.
 - 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. Internal audit staff also undertake other control environment related work.

Summary of work undertaken

4. **Appendix 1** provides a summary of work undertaken between 9 January and 14 May 2021.
5. For assurance audits (pages 1 and 2 of Appendix 1) 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. During this period once again over half of the audits (including grant certifications) were Covid-19 related.
7. LCCIAS also undertakes consulting/advisory type audits (page 3). 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. The ICT Auditor oversees reviews of higher risk Information Security Risk Assessments (ISRA).
8. Pages 4 and 5 of Appendix 1 provides information on: -
 - a. Where LCCIAS either undertakes itself (or aids others) with unplanned investigations. These are not reported to the Committee until the outcome is known. During this period, five investigations were concluded.
 - b. '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.
 - c. where LCCIAS auditors are utilised to undertake work assisting other functions.
9. In order to remain effective, LCCIAS staff regularly attend virtual training and development events and both midlands and national internal audit network events. A summary of events attended during the last quarter is shown on pages 6 and 7 of Appendix 1.

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**

- i. Chief Executives - Coroner Recharges
- ii. Consolidated Risk - Travel, Subsistence and Related Allowances (COVID-19 related changes)

b. **In progress (extended – longest timespan first)**

- i. Consolidated risk – Records management (recommendation 2 only)
- ii. Consolidated risk – ICT externally hosted contracts
- iii. Consolidated risk – Rights of audit in procurement contracts
- iv. Consolidated risk – Gifts and hospitality registers
- v. Adults and Communities – Direct Payments (2)

c. **Closed – none this cycle**

Resource implications

12. There are no resource implications arising directly from this report.

Equality and Human Rights Implications

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

Recommendation

14. That the contents of the routine update report be noted.

Background Papers

The Constitution of Leicestershire County Council

<http://politics.leics.gov.uk/ieListDocuments.aspx?CIId=1187&MIId=6195&Ver=4&Info=1>

Circulation under the Local Issues Alert Procedure

None.

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Appendices

Appendix 1 - Summary of Internal Audit Service work undertaken between 9 January and 14 May 2021.

Appendix 2 - High Importance Recommendations at 14 May 2021