



## **CORPORATE GOVERNANCE COMMITTEE - 6 DECEMBER 2024**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **PROGRESS UPDATE IN RESPECT OF THE RECOMMENDATIONS MADE WITHIN THE INDEPENDENT EXTERNAL QUALITY ASSESSMENT (EQA) OF THE COUNCIL'S INTERNAL AUDIT SERVICE**

##### **Purpose of Report**

1. The purpose of this report is to update the Committee in respect of the progressing of the recommendations made within the independent External Quality Assessment (EQA) of the Council's Internal Audit Service.

##### **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).
3. The undertaking of an EQA is a requirement of the Public Sector Internal Audit Standards (PSIAS), in conjunction with CIPFA's Local Government Advisory Notice (LGAN - 2019), which aim to promote continued improvement in the professionalism, quality and effectiveness of the internal audit function. As part of the internal audit quality management programme, each internal audit function should be subjected to an external assessment of its overall conformance with the standards once every five years by a qualified, independent assessor or assessment team from outside the organisation.
4. An independent company Business Risk Solutions was commissioned to complete the assessment. The Committee was informed of the positive outcome of the EQA at its meeting on 20 May 2024.
5. Whilst the report stated the highest grading of '*generally conforms*' additionally it highlighted areas of good practice and also made recommendations for further improvement.

##### **Work undertaken to date**

6. The full content of the assessor report, as presented to the Committee on 20 May 2024, has been reviewed and analysed to produce a proposed action

plan (cross referenced to the relevant pages of the EQA report itself). This action plan forms the **Appendix** to this report.

7. The relative importance of recommendations has been stated within the action plan using the following classifications, again aligned to the content and wording of EQA report itself:
  - High Priority (Key Matters arising from the report i.e. 'red' urgent areas)
  - Medium Priority (Areas classified as needing 'review' i.e. amber)
  - Low priority (areas classified as 'consider' i.e. green)
8. The management summary of the report highlighted '*good practice*', and within the detail of the report it further highlighted '*summary of good practice*'. With the desire to achieve continuous improvement and further drive standards of excellence, these areas have also been included within the Appendix to ensure the high standards previously independently identified by the assessor are maintained. These areas are highlighted 'blue' and defined as 'maintenance targets'.
9. The required actions to address the EQA recommendations and maintain areas defined as 'good practice' are contained within the column headed 'action' together with an associated due date.
10. It should be noted though that the detailed local government application of the global internal audit standards (GIAS) is still being translated and so some of the target dates might need subsequent adjustment once more clarity is obtained at the end of December. A report on 'Changes to internal audit standards' explaining the implementation of the GIAS from 1 April 2025 is to be found elsewhere in the agenda.

### **Further Reporting**

11. Further reports will be taken to future Corporate Governance Committee meetings in order to report progress in a timely manner.

### **Resources Implications**

12. The cost of the review was £3,750. The cost was within budget and satisfied Leicestershire County Council Contract Procedure Rules

### **Equal Opportunities Implications**

13. There are no discernible equal opportunities implications resulting from the independent review undertaken.

**Recommendation**

14. The Committee is recommended to note that the draft EQA action plan, associated implementation dates and desire to regularly update the Committee regarding progress made.

**Background Papers**

The Constitution of Leicestershire County Council

The Public Sector Internal Audit Standards

EQA Review Outcome

<https://democracy.leics.gov.uk/documents/s182665/EQA%20Review%20of%20Internal%20Audit%20Service%20-%20Final.pdf>

EQA Report

<https://democracy.leics.gov.uk/documents/s182668/Appendix%203%20-%20Final%20report%20-%20External%20Quality%20Assessment.pdf>

**Circulation under the Local Issues Alert Procedure**

None.

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**Appendix**

Proposed EQA Action Plan

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