



ESPO FINANCE AND AUDIT SUBCOMMITTEE – 11 FEBRUARY 2026

INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2025-26

INTERNAL AUDIT PLAN

REPORT OF THE CONSORTIUM TREASURER

Purpose of the Report

1. The purpose of this report is to provide the Finance and Audit Subcommittee (the Subcommittee) with a summary of work undertaken by Leicestershire County Council's Internal Audit Service (LCCIAS) during the period 23 September 2025 to 26 January 2026.

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 approve Internal Audit annual reports (annual plans, progress and annual reports, and the Internal Audit Charter), escalating any high importance recommendations and significant governance concerns to the Management Committee for review. 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 2025-26 Plan was approved by the Subcommittee at its meeting on 12 February 2025. The scope of the audits and progress against them is appended to the report.

5. New internal audit standards apply from 1 April 2025, the Global Internal Audit Standards in the UK Public Sector (GIAS UK (public sector). A report explaining three governance documents required to be in place to ensure compliance with the new standards is contained elsewhere on the agenda.

Summary of Progress

Audit Opinion:

6. 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 engagement 'conclusion' can be given i.e., the level of assurance that material risks are being managed. There are four levels of assurance: full; substantial; partial; and little.
7. On occasions, the audit might require a high importance (HI) recommendation, denoting that (based upon a combination of probability and impact) in our opinion a significant weakness either exists or potentially could arise and therefore the system's objectives are seriously compromised. A report that has a HI recommendation would not normally get a conclusion above partial assurance. Exceptions would be where the controls are sound but there is a high importance efficiency recommendation.
8. The sum of individual engagement conclusions assists the Head of Internal Audit Service (HolAS) to form an annual conclusion on the overall adequacy of ESPO's control environment, comprised of its governance, risk management and internal control framework

Advisory audits do not result in an opinion but are reported in the Appendix and considered in the HolAS annual conclusion.

High Importance (HI) Recommendations

9. To date 2025-26 coverage has not resulted in any high importance recommendations and/or partial assurance reports and there are no legacy high importance recommendations from previous financial years.

2025-26 Progress to date

10. A summary of progress is as follows: -

<u>Status</u>	<u>Number</u>	<u>Opinion</u>	<u>Reference</u>
Prior Year	N/A	All substantial	All work concluded (25/26 – A)
Final Report	7	Substantial	Annual Governance -

Issued			Areas for further development (25/26 – B) Cyber Security (25/26 – C) Stock (25-26 – D) Rebates (25/26 – K) Energy Billing (25/26 – N) Business Continuity (25/26 – O) Health & Safety Reporting (25/26 – P)
Advisory work concluded	5	No instances of fraudulent activity were noted from the work undertaken N/A N/A N/A N/A	Counter Fraud - NFI specific (25/26 – E) Fraud Risk Assessment – (25/26 – F) Counter Fraud (25/26 – G) Emerging Risks (25/26 – H) Contingency (25/26 – S)
Work In Progress	5	Conclusion TBC	General Financial Systems (*) IT general controls (*) Procurement Framework Agreements

			Value for Money Product Benchmarking (25/26 – I, J, L, Q & R)
Cancelled	1	N/A	Framework Agreements (25/26 – M)

11. There are valid reasons for audits that are currently classified as work in progress or not started for example:
 - Needing to be undertaken in the final quarter due to sample size requirements
 - On-going work throughout the financial year
 - Good progress having already been made e.g. towards the end of testing or draft report being compiled or reviewed
12. At this period in the financial year, reasonable assurance can be given that the audits are on track to be delivered subject to the usual caveats i.e.
 - Actual time required to complete an audit being longer than budgeted
 - Any work that logically straddles more than one financial year
 - Unforeseen resourcing issues for either ESPO or Internal Audit
13. The Appendix provides more detailed progress against the 2025-26 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

14. That the Subcommittee notes: -
 - a. the progress against the 2025-26 Plan
 - b. that there are no high importance recommendations within the Subcommittee's domain

Equal Opportunities Implications

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

Background Papers

Report to ESPO Finance & Audit Subcommittee 12 February 2025 – Annual Internal Audit Plan 2025-26

Covering Report:

<https://democracy.leics.gov.uk/documents/s188301/Annual%20Internal%20Audit%20Plan%202025-26%20-Plans%20for%20Implementing%20New%20Internal%20Audit%20Standards%20Report.pdf>

Actual 25/26 Plan:

<https://democracy.leics.gov.uk/documents/s188296/Appendix%201%20-%20ESPO%20Internal%20Audit%20Plan%202025-26.pdf>

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Appendix

Appendix – Summary progress against 2025-26 audits as at January 2026

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