



## ESPO FINANCE SUBCOMMITTEE – 22 August 2012

### AGENDA ITEM NO. 11

#### INTERNAL AUDIT SERVICE- PROGRESS AGAINST THE AUDIT PLAN 2012-13

#### REPORT OF CONSORTIUM TREASURER

##### Purpose of Report

1. The purpose of this report is to give a summary of Leicestershire County Council's Internal Audit Service (LCCIAS) work to the Subcommittee and highlight audits where high importance recommendations have been made to management.

##### Background

2. The Consortium Treasurer has a responsibility to ensure that decisions relating to the finance and financial management of ESPO are based upon sound financial information and advice. Under its proposed terms of reference (set out elsewhere on the agenda under item 5, report 'B'), the newly formed Finance and Audit Subcommittee would be required to monitor the adequacy and effectiveness of the Leicestershire County Council Internal Audit Service. To achieve this, the Subcommittee would be provided with periodic progress reports.
3. The audits undertaken are based on the annual Internal Audit Service plan. Where audits cannot be undertaken due to system delays or at the specific request of management, alternative audit areas are considered and agreed with management.

##### Summary of Progress

4. The report covers audits finalised or completed from 1 April 2012 to 30 June 2012.
5. The outcomes of audits completed since 1 April 2012 are shown in **Appendix 1**. Some audits were not concluded at the end of March and so were brought forward into the 2012-13 financial year. The 'opinion' is what level of assurance can be given that material risks are being managed. There are four classifications of assurance; full, substantial, partial and little. A report that has a high importance (HI) recommendation would not normally receive a classification above partial. Exceptions would be where the controls are sound but there is a high importance

efficiency recommendation or recommendations had clearly been acted upon before the completion of the audit.

6. **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. It should be noted that entries remain on the list until the auditor has confirmed (by specific re-testing) that action has been implemented.
7. There are no new entries on Appendix 2 during the period being reported against (April to June 2012) but a number of previously reported HI recommendations remain not fully implemented.

### **Resources Implications**

8. The Director of Corporate Resources has commissioned a service review of the Internal Audit Service (covering people, processes and systems work streams). This is to be implemented by the end of the financial year. Resources have been allocated to conduct and complete the review. Progress will be rigorously monitored and regularly reported to the Subcommittee.

### **Recommendation**

9. That the contents of the report be noted.

### **Equal Opportunities Implications**

10. There are no discernable equal opportunities implications resulting from the audits listed.

### **Officer to Contact**

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### **Appendices**

Appendix 1 - Summary of Final Internal Audit Reports issued during the period 1 April 2012 to 30 June 2012

Appendix 2 - High Importance Recommendations