

ESPO FINANCE AND AUDIT SUBCOMMITTEE –
19 NOVEMBER 2013

INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2013-14
INTERNAL AUDIT PLAN

REPORT OF THE CONSORTIUM TREASURER

Purpose of the Report

1. To give a summary of Leicestershire County Council's Internal Audit Service (LCCIAS) work to the Subcommittee and highlight any audits where high importance (HI) recommendations have been made and the position against implementing action.

Background

2. The Consortium Treasurer (the Treasurer) is responsible for the proper administration of ESPO's financial affairs. Rule 15 imposes a specific responsibility for arranging a continuous internal audit is delegated to the Treasurer. Under its terms of reference the Finance and Audit 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. Variations to the plan can occur but need to be considered with and agreed by the Treasurer and the Director of ESPO.

Summary of Progress

4. Progress against the plan up to the end of October 2013, is shown in **Appendix 1**. The 'opinion' is what level of assurance can be given that material risks are being managed.
5. There are four classifications of assurance: full; substantial; partial; and little. A report that has a high importance (HI) recommendation would not normally get a classification above partial. Exceptions would be where the controls are sound but there is a high importance efficiency recommendation.
6. **Appendix 2** summarises for completed audits the objectives, findings and conclusion/opinion and for audits in progress gives the objective and current position.

7. **Appendix 3** details 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 movement has occurred in 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.
8. There were not any new HI recommendations to report this quarter, and the audits planned to retest longstanding rebates HI's is not yet due to take place.

Recommendation

9. That the contents of the report be noted.

Equal Opportunities Implications

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

Background Papers

Report to ESPO Management Committee on 27 September 2012 – Finance and Audit Subcommittee – Proposed terms of reference and indicative work plan

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Appendices

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| Appendix 1 | - | Summary of final internal audit reports issued 01.08 - 31.10.2013 |
| Appendix 2 | - | Summary audit objectives, findings and conclusions |
| Appendix 3 | - | Summary of Internal Audit High Importance Recommendations |