



ESPO FINANCE AND AUDIT SUBCOMMITTEE – 10 JUNE 2014

INTERNAL AUDIT SERVICE – ANNUAL REPORT 2013-14

REPORT OF THE CONSORTIUM TREASURER

Purpose of Report

1. To provide the Subcommittee with an annual report on internal audit work conducted during 2013-14.

Background

2. The Consortium Treasurer (the Treasurer) is responsible for the proper administration of ESPO's financial affairs and has a specific responsibility for arranging a continuous internal audit of those affairs.
3. The Treasurer arranges for Leicestershire County Council's Internal Audit Service (LCCIAS) to provide internal audit for ESPO. LCCIAS must conform to internal audit professional standards. From April 2013 these are the Public Sector Internal Audit Standards (the PSIAS).
4. The PSIAS require the Head of Internal Audit Service (HoIAS) to provide an annual report to 'the Board' timed to support the annual governance statement. The PSIAS allow for a number of groups to satisfy the role of the Board but the standards define the Board as, 'The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation', and as such it is considered appropriate that the Management Committee approves the annual HoIAS report.
5. This report precedes the Annual Governance Statement which will be presented to the Management Committee at its meeting in September alongside the Statement of Accounts. The Statement of Accounts, accompanied by the Annual Governance Statement, will be presented to the Subcommittee at its next meeting prior to final consideration by the Management Committee.

Annual Internal Audit Service Report

6. The annual report for 2013-14 is provided in Appendix 1.
7. The HoIAS report must include an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's

governance, risk and control framework (i.e. the control environment) and a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies). The full HoIAS opinion and the PSIAS definition of the control environment is included at appendix 2.

8. For 2013-14, whilst recognising further improvements are required, positive opinions were given in all three areas of the framework of governance, risk management and control.

Resources Implications

9. The budget for the provision of the internal audit service is contained within ESPO' Medium Term Financial Strategy under charges by the Servicing Authority.
10. Only 175 of the planned 200 days were provided. Explanations have been given in paragraph 12 of the Internal Audit Service Quarterly Progress Report (elsewhere on the agenda for this meeting). The effect was to reduce the charge to ESPO to £49,000.

Recommendation

11. That the Subcommittee notes the Internal Audit Service annual report for 2013-14.

Equal Opportunities Implications

12. There are no specific equal opportunities implications contained within the annual summary of work undertaken.

Background Papers

Accounts and Audit Regulations (Amendment) 2011

The Public Sector Internal Audit Standards (2013)

Officer to Contact

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Appendices

- Appendix 1 - Internal Audit Service Annual Report 2013-14
- Appendix 2 - The HoIAS Annual Opinion on the adequacy and effectiveness of the control environment and PSIAS definition of the control environment.