



**ESPO FINANCE AND AUDIT SUBCOMMITTEE – 17 NOVEMBER  
2014**

**AGENDA ITEM NO. 5**

**INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2014-15  
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 (the 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. This quarter is unique in that there have not been any concluded audits (final agreed reports issued) between 23<sup>rd</sup> August and 31<sup>st</sup> October, and hence the routine appendices summarising progress and any High Importance recommendations are not included.
5. Nevertheless, there were a significant number of audits in progress at 31<sup>st</sup> October, some of which were very close to final report status.

6. **Appendix 1** summarises: -
  - a. in progress audits and outlines the scope, current position and projected completion dates (pages 1 to 4)
  - b. planned audits for remainder of year (page 5)

#### **Update on LCCIAS' adoption of the Public Sector Internal Audit Standards (PSIAS)**

7. An Internal Audit Charter (the Charter) which is a mandatory requirement of the PSIAS is scheduled to be approved by Leicestershire County Council's Corporate Governance Committee at its meeting on 24 November 2014. The Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility and sets out the Head of Internal Audit Service's (HoIAS) functional reporting relationship with the appropriate governing body, authorises access to records etc. and defines the scope of internal audit activities. Once approved, the Charter will be adapted to align to the appropriate governance requirements for ESPO.
8. A Quality Assurance and Improvement Programme (QAIP) is being developed by the HoIAS. The QAIP is designed to enable an evaluation of LCCIAS' conformance with the PSIAS, assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The QAIP is scheduled to be approved by the Council's Chief Financial Officer and Corporate Management Team by the end of December. There is not a requirement for the Council's Corporate Governance Committee to formally approve the QAIP, only to receive results of future assessments against it. Nevertheless, progress against the development of the QAIP and its approval will be reported to the February Corporate Governance Committee.
9. The adapted Charter and confirmation of the development and approval of the QAIP will be reported to the ESPO Finance and Audit Committee at its meeting in February 2015.

#### **Recommendation**

10. That the contents of the report be noted.

#### **Equal Opportunities Implications**

11. 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

Report to ESPO Finance and Audit Subcommittee 10 June 2014 – Annual Internal Audit Plan

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**Appendices**

Appendix 1 - Progress against the internal audit annual plan - Audits in progress at 31st October 2014 and planned for the remainder of 2014-15

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