

Progress against the internal audit annual plan

Audits in progress at 31st October 2014 and planned for the remainder of 2014-15

Note: ToE (Terms of Engagement)

<u>Audit title</u>	<u>Scope</u>	<u>Stage @ 31/10</u>	<u>Finalise by</u>
Anti-Fraud & Corruption	Evaluate progress against adopting Leicestershire County Council's (the Servicing Authority) revised policies, procedures and training.	<p>The Council's revised employee's code of conduct and policy on whistleblowing are to be launched 18th November and will then be available to be adopted and promoted by ESPO management.</p> <p>The Council's Anti-Fraud & Corruption Policy & Strategy Anti-Money Laundering Policy and Guidance and e-training on fraud are planned to be approved in time for the February committees.</p>	<p>Confirm the code and policy have been shared with employees (end of December)</p> <p>Confirm adoption and roll out (end of February)</p>
Distribution of Surplus 13/14	There's a robust approved methodology which ensures an accurate calculation and distribution of surplus.	Work complete and draft report being reviewed	End of November

<u>Audit title</u>	<u>Scope</u>	<u>Stage @ 31/10</u>	<u>Finalise by</u>
Counter Fraud	<p>There is no pattern of fraud in large data sets - use of LCCIAS data analysis and matching tool</p> <p>Note : since the Internal Audit Plan was approved, ESPO has volunteered to submit data sets to the biennial Audit Commission National Fraud Initiative (NFI) for which LCCIAS will act as co-ordinator and recipient of any data matches for further investigation.</p>	<p>Relevant NFI reports have been produced and issued. LCCIAS will receive any data matching reports at end Jan 15.</p> <p>Any additional LCCIAS work will avoid duplicating the NFI requirements.</p>	<p>Q4</p> <p>Q3</p>
GEMS Replacement	<p>The replacement of the GEMS (Energy) system is well planned, risk managed and governed throughout.</p>	<p>Senior management is aware of and is managing risks associated with delays to migrating data to the new system. The planned implementation date is likely to be further delayed to December. This has impacted on the interfaces with accounting ledgers, and testing.</p> <p>Draft highlight report awaiting review</p>	<p>Q3</p>
ESPO Services	<p>The key principles to providing the individual categories within the ESPO service menu are complied with</p>	<p>Testing almost completed</p>	<p>Q3</p>
Supply Chain	<p>ESPO identifies, evaluates and monitors its supply chains to ensure integrity and sustainability</p>	<p>Testing currently being undertaken</p>	<p>Q3</p>

<u>Audit title</u>	<u>Scope</u>	<u>Stage @ 31/10</u>	<u>Finalise by</u>
Business Strategy	Attainment of the objectives of the Strategy is well governed	Discussions were held with the Director to ascertain whether a framework has been developed to effectively govern delivery of the Strategy. Recent COG decisions to update assumptions used in the Strategy and MTFs will require revised plans and so the audit of the adequacy of the framework design has been postponed.	Potentially Q3 but likely Q4
Business Strategy - Projects -	Control design (of specific project(s)) is adequate to mitigate risk	This was going to be 'part 2' of the audit above and is similarly postponed until there is a control framework to measure against	Potentially Q3 but likely Q4
Electronic Transactions	P-card and other electronic transaction methods are PCI compliant	ESPO requested to commence the audit earlier than planned. Audit is now split into two distinct jobs, one in relation to compliance with PCI Industry Standards – at testing stage & one in relation to Payment Card procedures – scheduled for December	Q4

<u>Audit title</u>	<u>Scope</u>	<u>Stage @ 31/10</u>	<u>Finalise by</u>
IT General Controls	The range of controls expected by the External Auditor are well designed and consistently applied.	Commenced earlier than planned to meet External Auditor timescales. Work in progress – PwC required risk assessment of required coverage currently being undertaken in conjunction with ESPO IT Manager	Q4
Rebates Income	Annual audit to evaluate whether rebates received conform to estimates of supplier business generated	Commenced earlier than planned. Testing commenced	Q4
Fleet Management	The outcomes from the logistics review are embedded so that fleet is managed effectively and efficiently	ToE with client. Testing scheduled in November/December	Q4
E-tendering	ESPO complies with its role in e-tendering arrangements	ToE currently being produced now e-tendering is the 'norm' per October CoG	Q4
Procurement & Compliance Risk Management	The framework is sufficiently robust to prove effectiveness and avoid liability	ToE currently being produced to align with framework detailed at October COG.	Q4
Servicing Authority	The servicing authority is providing service in line with the agreement	ToE currently being produced	Q4

Audits planned for the remainder of 2014-15

<u>Audit title</u>	<u>Scope</u>	<u>Agreed planned start</u>
Governance Framework	The requirements of the Consortium Agreement, Constitution and appropriate schedules are embedded - to include role of Servicing Authority.	Q3
Risk Management	The revised policy and framework is operating as intended. Lines of defence are understood and complied with.	Q3
Annual Governance Statement	There are adequate arrangements to demonstrate compliance to the principles of good governance outlined in the CIPFA/SOLACE Framework.	Q4
Information Management	Information is secure both on and off site and in transit and breaches are identified and investigated	Q4 - will use LCC testing etc
Applications management	Risks (e.g. continuity and resilience) to the successful operation of key business management systems within ESPO have been identified and appropriately mitigated.	Q4 - progressing IT General Controls audit first to avoid duplication
General ledger reconciliations (*)	Reconciliations are undertaken to facilitate the accuracy and completeness of the general ledger. Usual coverage of cash & treasury; receivables; payables; payroll and stock	Q3 - discussion required with External Auditor re changes to scope
Trading performance & distribution of surplus (*)	The trading results provided by ESPO, both for internal use and reported to the Management Committee, are well founded in the general ledger and the distribution of surpluses process is robust.	Q4 - Trading Performance 14/15 Q1 15/16 Distribution of surplus for 14/15

