



CORPORATE GOVERNANCE COMMITTEE
24 NOVEMBER 2014

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES
INTERNAL AUDIT SERVICE PROGRESS REPORT

Purpose of Report

1. The purpose of this report is to:
 - (a) Give a summary of Leicestershire County Council's Internal Audit Service (LCCIAS) work finalised since the last report to the Committee and report where high importance recommendations have been made;
 - (b) Provide an update on the County Solicitor's report on the investigation into allegations concerning the conduct of the former Leader of the County Council, Mr David Parsons, regarding his use of County Council resources and action to be taken to recover costs incurred;

Background

2. Under the County Council's Constitution, the Committee is required to monitor the adequacy and effectiveness of the system of internal audit, which is provided by LCCIAS. To do this, the Committee receives periodic reports on progress against the annual Internal Audit Plan. The Committee is also tasked with monitoring the implementation of high-importance recommendations.
3. Most planned audits undertaken are of an 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on whether risk is being mitigated. Other planned audits are of a 'consulting' type, which are primarily advisory and allow for guidance to be provided to management. These are intended to add value, for example, by commenting on the effectiveness of controls designed before implementing a new system. Also, unplanned 'investigation' type audits may be undertaken.

Summary of progress against the Internal Audit Plan 2014-15

4. This report covers audits finalised during the period 1 September to 31 October 2014.
5. Four maintained schools were audited in the period. Two received opinions of '*...well above the (measured) standard*' and the other two received opinions of '*...above the standard*'.

6. The individual opinions are found on the LCCIAS web page. The web link is:- http://www.leics.gov.uk/audit_schools_colleges.htm
7. The outcome of all other audits completed since the last progress report to the Committee is shown in **Appendix 1** to this report. For assurance audits, 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 get a classification above partial.
8. **Appendix 2** to this report 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 to 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.
9. To summarise movements within Appendix 2: -
 - a. Six new HI recommendations (Adults and Communities (A&C) Integrated Adults System (IAS) project phase 2); Children and Family Services (C&F)/Corporate Resources (CR) sponsored academies revenue and capital implications) have been added;
 - b. One HI recommendation has been closed (C&F decommissioning the previous case management system records);
 - c. Implementation dates for four HI recommendations were further 'extended' to allow for stabilisation or progression of arrangements and pending the conclusion of a follow up audit (CR 'M-Star' (2), Pension Fund Contribution Banding (1) and CR Employee Annual Leave Recording (1));
 - d. Regarding the three HI recommendations in respect of developer contributions (Section 106) that are listed on the last page (7) of the Appendix as 'on hold', the HoIAS has agreed with the County Solicitor the provisional scope for a follow up audit to assess current compliance.

Update on the County Solicitor's report on investigation into allegations concerning a former Member's conduct

10. At the Committee meeting held on 23 September 2014, members were informed that despite a significant amount of pre action correspondence with Mr Parsons, the County Council had not received an appropriate response from him. The sum of £1,500.00 remained outstanding, and so the County Solicitor had instructed Legal Services to issue proceedings. A Court Order was obtained and the Committee was informed that Mr Parsons would also be charged for the Court costs (£160.00), making the total sum owed £1,660.00.

11. After the Committee, Mr Parsons entered into further correspondence with Legal Services. It was agreed that he would pay £1,000.00 immediately, which was duly received on 21 October. On the basis that Mr Parsons had paid back a good portion of the debt, it was agreed to allow further time for him to pay off the balance.
12. Should the balance not be paid by Mr Parsons, enforcement of the Court Order remains an option.

Resource Implications

13. None.

Equality and Human Rights Implications

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

Recommendation

15. That the report is noted.

Background Papers

The Constitution of Leicestershire County Council

Report to the Corporate Governance Committee on 12 May 2014 - Internal Audit Plan for 2014-15

Reports to the Corporate Governance Committee on 15 May and 29 June 2012 – Response to a request for an audit by Mr G. A. Boulter CC and reports to the Corporate Governance Committee on 14 June, 23 September, and 25 November 2013 and 10 February, 12 May and 23 September 2014 – Investigation into allegations concerning a former Members' conduct.

Circulation under the Local Issues Alert Procedure

None.

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Appendices

Appendix 1 - Summary of Final Internal Audit Reports issued during the period
1 September to 31 October 2014

Appendix 2 - High-Importance Recommendations

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