



## **ESPO FINANCE AND AUDIT SUBCOMMITTEE – 2 FEBRUARY 2022**

### **INTERNAL AUDIT SERVICE - PROGRESS AGAINST THE 2021-22**

#### **INTERNAL AUDIT PLAN**

#### **REPORT OF THE CONSORTIUM TREASURER**

##### **Purpose of the Report**

1. To provide a summary of Leicestershire County Council Internal Audit Service's (LCCIAS) work to the Subcommittee and highlight any audits where high importance (HI) recommendations and/or partial assurance opinions have been made and the position against implementing actions required.

##### **Background**

2. The Consortium Treasurer (the Treasurer) is responsible for the proper administration of ESPO's financial affairs. In accordance with ESPO's Financial Regulations Rule 15, 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 (the Plan). Variations to the Plan can occur but need to be considered with and agreed by the Treasurer and the Director of ESPO.
4. The 2021-22 Plan was discussed at Finance and Audit Sub Committee on 3 February 2021 and subsequently approved by Management Committee on 17 March 2021. The scope of the audits and progress against them is shown in the Appendix.

##### **Summary of Progress**

##### **Audit Opinion:**

5. Where audits undertaken are an 'assurance' type i.e. the auditor is able to objectively examine evidence for the purpose of providing an independent

assessment, then an 'opinion' can be given i.e. the level of assurance that material risks are being managed. There are four levels of assurance: full; substantial; partial; and little. A report that has a high importance (HI) recommendation would not normally get an opinion above partial assurance. Exceptions would be where the controls are sound but there is a high importance efficiency recommendation. The sum of individual engagement opinions assists the Head of Internal Audit Service (HoIAS) to form an annual opinion on the overall adequacy of ESPO's control environment, comprised of its governance, risk management and internal control framework

6. Consulting/advisory audits do not result in an opinion but are taken into account in the HoIAS annual opinion.

### High Importance Recommendations

7. There is one legacy partial opinion report in respect of our 2020/21 Credit Control audit that requires progress updates to be reported back to this Committee to provide assurance that it has been adequately addressed. The majority of the credit control re-testing has been completed, however there are a few areas, for example aged debt write off, whereby it would be more efficient to address at the same time as our current General Financial Systems Audit and therefore whilst we can report good progress has been made in addressing the recommendations contained in the report, we will conclude this work in time for the next Committee.

### In year changes to the Plan:

8. The plan is a live document subject to changes to address the most critical business risks to the organisation at any given time. The plan approved by Management Committee on 17 March 2021 comprised 16 auditable areas (excluding emerging risks, contingency and client management).

In year changes have been as follows:

Details	Job Reference	Auditable Areas
Plan approved on 17 March 2021		16
Additional areas audited under 'emerging issues'	M1 & M2	2
Additional areas audited under 'Contingency'	R1, R2, R3 & R4	4
<b>Sub-total</b>		<b>22</b>
Less deferred or cancelled jobs	D, F & P	3
<b>Total</b>		<b>19</b>

**2021-22 Progress to date**

9. A summary of progress is as follows: -

<b><u>Type</u></b>	<b><u>Number</u></b>	<b><u>Opinion</u></b>	<b><u>Reference</u></b>
Current year completed to at least draft report stage or on-going consultancy work	12	1 x Prior Year 2 x Draft Reports i.e. Opinion TBC 9 x Advisory	N/A 22-C & 22-M(2) 22-B, 22-H, 22-J, 22-K, 22-M(1), 22(R1 - R4)
Work in progress	7	N/A	22-E, 22-G, 22-I, 22-L, 22-, 22-N, 22-O & 22Q
Deferred/ Cancelled Jobs	3	N/A	22D, 22F, 22P

10. It should be noted that of the 7 jobs that are currently work in progress, 5 are required to be undertaken in the final quarter for various reasons.
11. The Appendix summarises progress against the 2021-22 plan. Audit reference numbers (in the sequence of the agreed internal audit plan) and type (governance, risk management and internal control) have been added to track each audit's progress.

**Recommendation**

12. That the contents of the report, any associated virements and also the current position in respect of high importance recommendations and/or partial opinion report(s) be noted.

**Equal Opportunities Implications**

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

**Background Paper**

Report to ESPO Management Committee 17 March 2021 – Annual Internal Audit Plan 2021-22

**Officer to Contact**

Chris Tambini  
Consortium Treasurer

Tel: 0116 305 6199

Email: [chris.tambini@leics.gov.uk](mailto:chris.tambini@leics.gov.uk)

Neil Jones Head of Internal Audit & Assurance Service  
Leicestershire County Council

Tel: 0116 305 7629

Email: [neil.jones@leics.gov.uk](mailto:neil.jones@leics.gov.uk)

**Appendix**

Appendix - Summary progress against 2021-22 audits as at 25 January 2022