

Agenda item:

West Mercia Joint Audit and Standards Committee Report Summary

Meeting Date: 07 April 2020

Subject: Progress against 2019/20 Internal Audit Plan

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Purpose of the Report:

This report summarises progress against the agreed Internal Audit plan to the end of February and proposes changes to the plan to cover the period to 31 March 2020.

Recommendation:

The Committee is requested to

- a. note the report;**
- b. approve the revised Audit Plan 2019-20.**

Progress against 2019/20 Internal Audit Plan

Report by the Head of Internal Audit

Introduction

1. This report summarises the audit work undertaken against the revised Audit Plan 2019/20 agreed at the last meeting of the Joint Audit and Standards Committee on 26 February 2020.

Audit Plan Review and Amendment

2. It should be noted that the Internal Audit plan agreed at the start of the year is only an indicative one as it has to be responsive to changes in risk and hence the individual jobs may vary from the original plan and new jobs may be added or jobs deleted or amended.
3. The Audit Plan was intended to deliver a programme of assurance audits which would enable end of year Head of Audit opinions to be delivered for Warwickshire OPCC, Warwickshire Police, West Mercia OPCC and West Mercia Police. Appendix A shows the progress as at the end of February against the plan agreed at the Committee's meeting on 28th February 2020 and shows all coverage including both forces and PCCs. We have continued to undertake audits which provide assurance to all clients. With the termination of the alliance arrangements we are adapting our approach to provide separate reports for each client where appropriate. In some cases what would have been a single audit has become two separate audits or possibly four, although we will aim to deliver the work in the most efficient and effective way and where shared services continue some joint testing may still be possible. However, a revision to the planned days for the following audits is proposed due to the additional work required in producing and obtaining agreement to two terms of reference, carrying out two audits and conducting two closedown meetings and finalising separate reports.
 - Alliance Termination and future collaboration arrangements - an additional 5 required to complete the audit including the requirement to do two separate audits using different auditors.
 - An additional 5 days required to complete the Accounts Payable audit which includes a review of purchase card procedures.
 - An additional 3 days is estimated to be required to complete the Covert funds audit.
 - Contract Management has required a further day to enable meetings to be held to discuss the management response to the report.
 - Business Continuity and Treasury Management have also required an additional day to finalise the reports.
 - It is anticipated that an additional 17 days is needed to cover the management and planning for the two Forces due to the requirement this year to establish revised management arrangements, produce reports for the two separate Committees, attend meetings with two Forces including planning meetings, produce two separate plans, charters and SLA's.

4. To facilitate these changes to the plan it is proposed to not complete the HR – Absence Management audit (a reduction of 19 days) and it is envisaged that there will be a small number of days of audit work carried over until 2020/21, mainly the work on Consultants and finalising draft reports issued.

Work Progress

5. Since the last report to Committee in February 2020 priority has been given to delivering the outstanding work to complete the 2018/19 plan, whilst we have continued to chase responses to finalise older work.
6. A response has been received to the Contract Management audit and a meeting held with management which is in the process of being agreed with management.

2019/20 Audits

7. The audit team has made progress against the 2019/20 plan. No final reports have been issued since the report to this Committee on 26 February.
8. The following draft reports have been issued:
 - Warwickshire Risk Management
 - Covert Funds – draft reports issued for individual funds
9. A number of audits are in progress and an analysis of the time spent during 2019/20 to date is shown in Appendix A. To the end of February a total of 291 audit days have been delivered, compared with the annual plan of 346 days and we are on track to deliver the budgeted days by the end of the financial year. However, progress to date has been hampered by the focus of managers on the structural changes arising from the alliance termination and delivery of the audit plan is dependent on the cooperation of managers.
10. The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits will be given one of four levels depending on the strength of controls and the operation of those controls. The four categories ranging from the lowest to highest are Limited, Moderate, Substantial and Full. The opinion reflects both the design of the control environment and the operation of controls.
11. A key audit to highlight is the audit of the alliance termination and future collaboration arrangements. We are working with the Force and PCC to assess the sources of assurance which are available from external and internal review work which has been undertaken. The intention is to obtain the assurance required whilst minimising the need for additional work and testing.

Progress with Agreed Actions

12. Responsibility for implementing agreed recommendations previously rested with the Chief Executives and Chief Constables of both Forces who implemented monitoring arrangements to establish progress on implementing audit recommendations. Audit, Risk and Compliance regularly ask managers for a status update and provide information for inclusion in this report. Appendix C summarises the results of the latest monitoring exercise. The table shows all those audits which have recommendations which have still to be implemented. Based upon the target date agreed with management there are 29 recommendations overdue. Whilst none of these are classed as fundamental, there are 19 "Significant" Medium (M) priority recommendations which are more than 6 months overdue. It should be noted that the Head of Audit, Risk and Compliance is to review the outstanding recommendations to ensure that they are all still relevant following the alliance termination.

13. The current recommendations being followed up are all those agreed as an Alliance, all reports currently being finalised will be agreed with West Mercia only, so going forward follow up will be with the West Mercia Chief Executive and West Mercia Chief Constable. We would suggest that the existing alliance recommendations should be reviewed to consider which should be retained under the future arrangements and to identify any which are now redundant or should be taken forward in a different way.

Appendix A: Status of Internal Audit Workplan 2019/2020 as at 29/02/2020

Original Plan Topic	Plan agreed at JASC on 26.02.2020	Actual Days to 29.02.20	Revised Indicative days full year	Current Status	Assurance level # denotes reported in 2018/19 Annual Audit Report	Notes
Alliance Termination and future collaboration arrangements	20+20	23 0	25 12	Warwickshire audit in progress West Mercia - a review of assurances available from both independent and internal work is underway		Two separate audits for each Force.
Payroll including self service	17	17	17	Final Report Issued.	Substantial	
Accounts Payable	20	19	25	In progress		
IT	15	0	8	Planning		TIAA (our IT Audit specialists) have met IT and are working on the scope of this work.
Corporate Governance – gifts and hospitality, declarations of interests.	20	19	20	Final Report Issued for West Mercia Draft reports issued for Warwickshire	Substantial	Additional time required due the requirement to issue two final reports and hold two closedown meetings with both forces' Head of Professional Standards.

Original Plan Topic	Plan agreed at JASC on 26.02.2020	Actual Days to 29.02.20	Revised Indicative days full year	Current Status	Assurance level # denotes reported in 2018/19 Annual Audit Report	Notes
Seized property	2	2	2	Deferred		
HR management – recruitment, pre-employment checks, vetting	15	15	15	Final report issued	Substantial	
Risk management	18 +18	13 17	18 18	West Mercia and Warwickshire In progress		Two separate audits for each Force. Separate auditor
Budget Management	18	18	18	Final report issued	Substantial #	
Contract Management	17	17	18	Draft report issued	Moderate #	
Crime Property	0	0	0	Final report issued	Substantial #	
Business Continuity	2	3	3	Final report issued	Limited #	

Original Plan Topic	Plan agreed at JASC on 26.02.2020	Actual Days to 29.02.20	Revised Indicative days full year	Current Status	Assurance level # denotes reported in 2018/19 Annual Audit Report	Notes
GDPR	4	4	4	Final report issued	Moderate #	
Project Health Checks	5	5	5	Final report issued	Limited #	
Project KCOM	0	0	0	Final report issued	Substantial #	
HR management - absence management	20	1	1	Deferred		
Consultants – IR35 implications, robust process for engaging, performance management	15+15	6 5	15 15	West Mercia Warwickshire In progress		Separate audits for each Force. Propose three reports, one for each Force and one for West Mercia PCC.
Treasury management	20	21	21	Final report issued	Substantial	

Original Plan Topic	Plan agreed at JASC on 26.02.2020	Actual Days to 29.02.20	Revised Indicative days full year	Current Status	Assurance level # denotes reported in 2018/19 Annual Audit Report	Notes
Covert funds	22	14 8	16 9	West Mercia Warwickshire Individual fund draft reports issued		Separate audits for each Force required
Warwickshire Police Community Fund account	4	4	4	Complete		Audit requested to meet requirements of the Charity Commission
Carry forward to 2020/21	(10)	0	(9)			
Management and planning	49	60	66			
	346	291	346			

Appendix B: Audits with recommendations outstanding

Audit	Number of Recommendations								Response Rec'd Y/N
	Made	Risk Accepted	Redundant	Implemented	Not yet due to be implemented	Overdue (Months)			
						0 to 3	3 to 6	Over 6	
Chief Constable									
Police MASH	10	0	0	5	0	0	0	5 (3 M 2L)	Y
Procurement	7	0	0	6	0	0	0	1 (L)	N
Police Fleet	9	0	0	8	0	0	0	1(1L)	Y
Partnerships	7	0	0	6	0	0	0	1 (M)	N
GDPR and Data Protection	3	0	0	3	0	0	0	0	Y
ICT Active Directory	7	0	0	1	0	0	0	6 (6 M)	Y
ICT Database Admin and security	9	0	0	0	0	0	0	9(9 M)	Y
Medium Term Financial Plan	4	0	0	0	0		4 (4 M)	0	Y
HR Recruitment, pre employment checks	1	0	0	0	0	1 (L)	0	0	N
Budget Management	3	0	0	3	0	0	0	0	Y
Business Continuity	3	0	0	0	3 (2H 1M)	0	0	0	Y

Corporate Governance: Gifts & Hospitality and Declarations of Interests	5	0	0	0	5 (2M 3L)	0	0	0	Y
Treasury Management	5	0	0	0	4 (2M 2L)	1 (L)	0	0	N
	73	0	0	32	12	2	4	23	