

Agenda item:

West Mercia Joint Audit and Standards Committee Report Summary

Meeting Date: 26 November 2020

Subject: Progress against 2020/21 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 October.

Recommendation:

The Committee is requested to

- a. note the report; and**
- b. approve the change to the plan to defer Treasury Management and add those days to the Payroll audit.**

Progress against 2020/21 Internal Audit Plan

Report by the Head of Internal Audit

Introduction

1. This report summarises the audit work undertaken against the Audit Plan 2020/21 agreed by the Joint Audit and Standards Committee on 7 April 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 West Mercia OPCC and West Mercia Police. Appendix A shows the progress as at the end of October against the plan agreed at the Committee's meeting on 7 April 2020 and shows all coverage including both the Force and OPCC. Despite the challenges faced by COVID 19, we have continued to undertake audits which provide assurance to both clients. Following the termination of the alliance arrangements, where shared services continue some joint testing may still be required.

Work Progress

4. Since the last report to Committee in April 2020, priority has been given to delivering the outstanding work to complete the 2019/20 plan, whilst starting work on the 2020/21 plan.

2019/20 Audits

5. The audit team has made progress finalising work against the 2019/20 plan.
6. The following draft reports have been issued:
 - Use of Consultants (IR35) – OPCC
 - Use of Consultants (IR35) – Force
7. The following final reports have been issued:
 - Accounts Payable (Opinion: Moderate)
 - Covert Funds 1 (Opinion: Substantial)
 - Covert Funds 2 (Opinion: Moderate)
 - Risk Management (Force) (Opinion: Substantial)
 - Contract Management (Opinion: Moderate)

- Gifts and Hospitality (Opinion: Substantial)

2020/21 Audits

The following final report has been issued:

- Business Continuity (Opinion: Moderate). It is pleasing to report that the opinion for this follow up audit of Business Continuity has increased from Limited to Moderate. The latest report includes seven action areas, three medium and four low, including issues around testing, capturing key third parties and updating documentation.
8. A number of audits are in progress and an analysis of the time spent during 2020/21 to date is shown in Appendix A. To the end of October a total of 89 audit days have been delivered, compared with the annual plan of 233 days and we are on track to deliver the budgeted days by the end of the financial year. However, the impact of COVID did delay the start of some audits in April, and with uncertainty around possible future 'lockdowns' some flexibility will have to be considered.
 9. 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.
 10. Following conversations with the Treasurer, it has been requested that the Treasury Management audit be deferred to the start of 2021/22 and those days be transferred to this year's Payroll audit, in order to consider the changes made to the recently amended overtime process.

Progress with Agreed Actions

11. Responsibility for implementing agreed recommendations rests with the Chief Executive and Chief Constable who have 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 34 recommendations overdue. Whilst none of these are classed as fundamental, there are 23 "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.

Appendix A: Status of Internal Audit Workplan 2020/2021 as at 29/10/2020

Original Plan Topic	Plan agreed at JASC on 07.04.2020	Actual Days to 29.10.20	Revised Indicative days full year	Current Status	Assurance level	Notes
Absence Management	20	6	20	Audit in progress.		
Accounts Payable - Creditors	15	4	15	Audit in progress.		
Budget Management	20	1	20	Planning.		
Business Continuity	15	15	15	Final Report Issued.	Moderate	
IT Programme and Project Management	15	17.5	20	Audit in progress.		Additional time required due the disruption caused by COVID and obtaining the required evidence.
Leadership Development within the Force	20	0	20	Planning		
Payroll	15	1.5	15	Audit in progress.		

Original Plan Topic	Plan agreed at JASC on 07.04.2020	Actual Days to 29.10.20	Revised Indicative days full year	Current Status	Assurance level	Notes
PCC Commissioning - Grants	15	1	15	Planning		
PCC Risk Management	10	1	10	Planning		
PCC Victim Support	15	1	15	Planning		
Police Seized Property	15	1	15	Planning		
Strategic and Financial Planning - MTFP	20	1.5	20	Audit in progress.		
Treasury Management	8	1	8	Requested move to early 2021/22		
Management and planning	30	16.5	25			
Previous years: Accounts Payable Consultants		4 13		Final Report Issued Draft Report Issued	Moderate	

Original Plan Topic	Plan agreed at JASC on 07.04.2020	Actual Days to 29.10.20	Revised Indicative days full year	Current Status	Assurance level	Notes
Risk Management		4		Final Report Issued	Substantial	
	233	89	233			

Appendix B: Audits with recommendations outstanding

Audit	Number of Recommendations								
	Made	Risk Accepted	Redundant	Implemented	Not yet due to be implemented	Overdue (Months)			Response Rec'd Y/N
						0 to 3	3 to 6	Over 6	
Chief Constable									
Police MASH	10	0	0	5	0	0	0	5 (3 M 2L)	Y
Police Fleet	9	0	0	7	0	0	0	2(2L)	Y
Partnerships	7	0	0	6	0	0	0	1 (M)	N
ICT Active Directory	7	0	0	1	0	0	0	6 (6 M)	N
ICT Database Admin and security	9	0	0	0	0	0	0	9(9 M)	N
HR Recruitment, pre employment checks	1	0	0	0	0	0	0	1 (L)	Y
Corporate Governance: Gifts & Hospitality and Declarations of Interests	5	0	0	0	0	0	0	5 (2M 3L)	Y
Treasury Management	5	0	0	5	0	0	0	0	Y

Audit	Number of Recommendations								
	Made	Risk Accepted	Redundant	Implemented	Not yet due to be implemented	Overdue (Months)			Response Rec'd Y/N
						0 to 3	3 to 6	Over 6	
Contract management	2	0	0	0	0	0	2 (1M 1L)	0	Y
Accounts Payable	8	0	0	0	8 (3M 5L)	0	0	0	N
Business Continuity	7	0	0	0	7 (3M 4L)	0	0	0	N
	70	0	0	24	15	0	2	29	

Key: Priority of recommendations, H=High, M= Medium, L=Low