

Agenda item:

West Mercia Joint Audit and Standards Committee Report Summary

Meeting Date: 5 July 2021

Subject: Internal Audit Progress Report

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Purpose of the Report:

This report summarises progress against the agreed Internal Audit plan to the end of May 2021.

Recommendation:

The Committee is requested to

- a. note the report.**

Internal Audit Progress Report
Report by the Head of Internal Audit

Introduction

1. This report summarises the audit work finalising 2020-21 audits and against the Audit Plan 2021-22 agreed by the Joint Audit and Standards Committee on 30 March 2021.

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 is 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 provides information on each audit completed since the previous update report. Appendix B shows the progress as at the end of May against the plan agreed at the Committee's meeting on 30 March 2021 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.

Work Progress

4. Since the last report to Committee in March 2021, priority has been given to delivering the outstanding work to complete the 2020/21 plan, whilst starting work on the 2021/22 plan.

2020/21 Audits

5. The audit team has made progress finalising work against the 2020/21 plan.
6. The following draft reports have been issued:
 - Payroll (Substantial)
7. The following final reports have been issued:
 - Absence Management (Substantial)
 - Budget Management (Substantial)
8. The following audits are still in progress:
 - Leadership Development
 - Seized Property
 - PCC Commissioning – Grants
 - Victim Support Grant

2021/22 Audits

9. A number of audits are in progress and an analysis of the time spent during 2021/22 to date is shown in Appendix B. To the end of May a total of 50 audit days have been delivered, compared with the annual plan of 232 days and we are on track to deliver the budgeted days by the end of the financial year. However, the impact of COVID has delayed the start of some audits in April, and with uncertainty around future restrictions, some flexibility will have to be considered.
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.

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 22 recommendations overdue. Whilst none of these are classed as fundamental, there are 5 “Significant” Medium (M) priority recommendations which are more than 6 months overdue.

Appendix A: Summary of audits completed since previous report.

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
Absence Management	<p>The objective of this audit was to provide an opinion on the arrangements as operated by People & Organisational Development within Business Services for the undertaking, delivery and management of Absence Management across the Force.</p> <p>The scope of this audit included:</p> <ul style="list-style-type: none"> • Governance, Policies & Procedures • Compliance with Policies & Procedures • Sickness Absence Triggers, identification and action • Performance Reporting <p>The audit found adequate policies and HR support for management of absence. Testing identified isolated instances of non compliance</p> <p>An action plan has been agreed to address this issue.</p>	Substantial	0	0	3
Budget Management	<p>The audit reviewed the governance arrangements in place for the annual budget cycle and framework ensuring the budget was aligned to and determined in line with the Police and Crime Plan 2016-2021. In addition, processes and procedures were reviewed to ensure that budgets are reviewed and monitored.</p> <p>Overall the processes were found to be adequate, though recommendations were made for improved controls around budget virements and detailed budget setting. A suitable action plan was agreed including steps to enhance ownership of the budget setting process by budget managers.</p>	Substantial	0	2	2

Appendix B: Status of Internal Audit Workplan 2021/2022 as at 28/05/2021

Original Plan Topic	Plan agreed at JASC on 30.03.2021	Actual Days to 28.05.21	Revised Indicative days full year	Current Status	Assurance level	Notes
Bank Reconciliation	10	0	10			
Contract Management	20	1.5	20	Planning.		
Debtors – Accounts Receivable	15	0	15			
Establishment Control	20	0	20			
Estates Function	25	0	25			
Fleet Services	20	0	20			
Information Management – Data Protection	15	0	15			
IT Audit – Transformation Programme	15	0	15			

Original Plan Topic	Plan agreed at JASC on 30.03.2021	Actual Days to 28.05.21	Revised Indicative days full year	Current Status	Assurance level	Notes
IT Audit Access Controls	12	0	12			
Procurement	20	11.5	20	Audit in progress.		
Treasury Management	10	0	10			
Use of Consultants (Light Touch) PCC	10	0	10			
Use of Consultants (Light Touch) Force	10	0	10			
Management and planning	30	3.3	30			
Previous years:						
Absence Management		1.3		Final Report Issued	Substantial	
PCC Commissioning – Grants		8				
PCC Victim Support		4				
Leadership Development within the Force		8.9				
Seized Property		2				
Payroll		4.7		Draft Report Issued	Substantial	
Budget Management		4.9		Final Report Issued	Substantial	
	232	50.1	232			

Appendix C: 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	8	0	0	0	2 (2L)	Y
ICT Active Directory	7	0	0	4	0	0	0	3 (3M)	Y
ICT Database Admin and security	9	0	0	7	0	0	0	2 (2M)	Y
HR Recruitment, pre employment checks	1	0	0	0	0	0	0	1 (1L)	Y
Corporate Governance: Gifts & Hospitality and Declarations of Interests	5	0	0	4	0	0	0	1 (1L)	Y
Accounts Payable (2019/2020)	8	0	0	4	0	0	4 (1M 3L)	0	Y
Accounts Payable (2020/2021)	2	0	0	0	0	2 (2M)	0	0	Y
Business Continuity	7	0	0	5	0	2 (2M)	0	0	Y

	Number of Recommendations								
Audit	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	
Use of Consultants	6	0	0	3	0	2 (2M)	1 (1M)	0	Y
Medium Term Financial Plan	4	0	0	0	3	1 (1L)	0	0	Y
IT Programme and Project Management	3	0	0	3	0	0	0	0	Y
Absence Management	3	0	0	0	3	0	0	0	N
Budget Management	4	0	0	0	3	1 (1M)	0	0	N
	69	0	0	38	9	8	5	9	

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