

**Agenda item:**

**West Mercia Joint Audit and Standards Committee Report Summary**

**Meeting Date: 28 March 2022**

**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 February 2022.**

**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 against the Audit Plan 2021-22 agreed by the Joint Audit and Standards Committee on 30 March 2021.
2. 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.

**Audit Plan Review and Amendment**

3. 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.
4. 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 February 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**

5. Since the last report to Committee in November 2021, work has continued in delivering the 2021/22 plan.

**2021/22 Audits**

6. 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 February a total of 216.7 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 in 2020/21 has meant that the time on carried forward audits has been greater than usual, 69 days, and the Estates Audit is being deferred to the first quarter of 2022/23 to mitigate the impact of this.
7. The following final reports have been issued since the last Committee meeting:
  - Force - Use of Consultants (Moderate)
  - Fleet (Substantial)

- OPCC – Use of Consultants (No new consultants appointed so previous recommendations and expected controls were discussed and agreed)

### **Progress with Agreed Actions**

8. 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 at the end of January. 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 13 recommendations overdue. Whilst none of these are classed as fundamental, there are 6 “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
2021/2022					
Use of Consultants (Force)	<p>The scope of this audit included:</p> <ul style="list-style-type: none"><li>• Follow up of previous Internal Audit recommendations;</li><li>• An evaluation of the processes and guidance in place relating to the engagement of consultants and monitoring arrangements;</li><li>• An analysis of the business case/justification for engaging consultants, and the resultant contractual arrangements established;</li><li>• Compliance with IR35 regulations; and</li><li>• Arrangements for monitoring and reviewing the outputs, and cost, of the engagement against the original terms and HMRC certification.</li></ul> <p>The audit found:</p> <ul style="list-style-type: none"><li>• It is apparent that since the last internal audit review was completed, there remains a continued need to strengthen controls in several aspects of engaging consultants and the ongoing monitoring of delivery of their outputs.</li><li>• There is a need to improve guidance currently in place, to ensure this covers considerations wider than IR35.</li><li>• The sample reviewed highlighted instances where relatively low value and short-term consultancy contracts were agreed which have continued significantly beyond the initial agreement increasing both the cost and time of engagements.</li></ul>	Limited	1	4	0

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<ul style="list-style-type: none"> <li>In 3 of 5 contracts reviewed, a competitive procurement process had not been conducted in line with the requirements of Joint Finance &amp; Contract Regulations.</li> <li>Whilst there were some good examples of having in place documented deliverables and outputs and robust monitoring arrangements, there were also instances where either no deliverables and outputs were documented and there was no evidence of any monitoring taking place.</li> <li>The rationale for engaging consultants is not routinely captured, as well as evidence that other options, such as whether the required skills may be available internally or a staff appointment would be more appropriate, have been considered.</li> <li>There remains a need to ensure that appropriate checks regarding employment status are conducted in all instances and also that the approach to these checks is correctly and consistently applied.</li> </ul>				
Fleet Services	<p>The scope of this audit included:</p> <ul style="list-style-type: none"> <li>Strategy, Policies, Procedures &amp; Governance Framework</li> <li>Security, Utilisation and Availability of Vehicles; including: <ul style="list-style-type: none"> <li>Allocation of Vehicles</li> <li>Monitoring of Use &amp; Fuel</li> <li>Vehicle Checks &amp; Handover</li> <li>Monitoring of Accidents &amp; Damage</li> </ul> </li> <li>Fleet Replacement Programme, including Disposals</li> <li>Budget Management</li> <li>Performance Management</li> </ul> <p>The audit found:</p> <ul style="list-style-type: none"> <li>Vehicle check procedures are not consistently undertaken</li> </ul>	Substantial	0	1	1

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<ul style="list-style-type: none"> <li>• Until the Telematic solution is introduced, performance data cannot be fully captured</li> <li>• Although performance information has been provided to senior managers, formal reporting mechanisms for KPI's were not in place.               <ul style="list-style-type: none"> <li>○ It is understood that the last formal review of vehicle requirements was undertaken in 2018 and as such, the vehicle Fleet Replacement Programme could be based on outdated data, including officer numbers. We have been advised that:                   <ul style="list-style-type: none"> <li>➤ The Force commissioned a consultant to undertake a review of vehicle utilisation and allocation to determine if the required number of vehicles are both in place and at the right locations</li> <li>➤ This exercise has been completed but not yet fully reported and a full understanding of the utilisation of vehicles may not be gained until after the roll out of the Telematics solution</li> </ul> </li> </ul> </li> </ul>				

## Appendix B: Status of Internal Audit Workplan 2021/2022 as at 28/02/2022

Original Plan Topic	Plan agreed at JASC on 30.03.2021	Actual Days to 28.02.22	Revised Indicative days full year	Current Status	Assurance level	Notes
Bank Reconciliation	10	3.5	10	In Progress		
Contract Management	20	12.3	20	In Progress		
Debtors – Accounts Receivable	15	7.5	15	In Progress		
Establishment Control	20	13.2	20	In Progress		
Estates Function	25	1	1	Defer to Q1 2022/2023		
Fleet Services	20	18.3	18.3	Final Report Issued	Substantial	
Information Management – Data Protection	15	14.9	16	In Progress		
IT Audit – Transformation Programme	15	0	0	External assurance partner in place. We will review progress and aim to gain assurance from this work rather than create duplication		

Original Plan Topic	Plan agreed at JASC on 30.03.2021	Actual Days to 28.02.22	Revised Indicative days full year	Current Status	Assurance level	Notes
IT Audit Access Controls	12	0	12	In Progress		
Procurement	20	20.6	20.6	Final Report Issued	Moderate	
Treasury Management	10	6.8	10	In Progress		
Risk Management PCC	0	13.8	13.8	Final Report Issued	Moderate	This audit was deferred from 2021/22
Use of Consultants (Light Touch) PCC	10	2.3	2.3	Complete	No Opinion	No new consultants had been appointed since the last audit and so no testing could take place.
Use of Consultants (Light Touch) Force	10	11	11	Final Report Issued	Limited	
<b>Management and planning</b>	30	22.4	30			
<b>Previous years:</b>						
Absence Management		1.4	1.4	Final Report Issued	Substantial	
PCC Commissioning – Grants		19.7	19.7	Final Report Issued	Substantial	
PCC Victim Support		17.3	17.3	Final Report Issued	Substantial	
Leadership Development within the Force		12.4	12.4	Final Report Issued	Substantial	
Seized Property		7.6	7.6	Final Report Issued	Substantial	
Payroll		5.8	5.8	Final Report Issued	Substantial	
Budget Management		4.9	4.9	Final Report Issued	Substantial	



Original Plan Topic	Plan agreed at JASC on 30.03.2021	Actual Days to 28.02.22	Revised Indicative days full year	Current Status	Assurance level	Notes
<b>TOTAL</b>	<b>232</b>	<b>216.7</b>	<b>269.1</b>			

### 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	5	0	0	0	2 (2M)	Y
ICT Database Admin and security	9	0	0	8	0	0	0	1 (1M)	Y
HR Recruitment, pre employment checks	1	0	0	0	0	0	0	1 (1L)	Y
Business Continuity	7	0	0	5	0	0	0	2 (2M)	Y
Use of Consultants	6	0	0	5	0	0	0	1 (1M)	Y
Medium Term Financial Plan	4	0	0	2	0	0	2 (2M)	0	Y
Seized Property	1	0	0	0	0	1 (1M)	0	0	Y
Payroll	6	0	0	5	0	1 (1L)	0	0	Y
TOTAL	51	0	0	38	0	2	2	9	

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