

Agenda item:

West Mercia Joint Audit and Standards Committee Report Summary

Meeting Date: 15 December 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 November 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 2022-23 Audit Plan, agreed by the Joint Audit and Standards Committee on 28 March 2022.
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 will 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 November against the plan agreed by the Committee on 28 March 2022 and shows all coverage including both the Force and OPCC.

Work Progress

5. Good progress is being made against the plan with six audits complete and another five at planning and fieldwork stages. An analysis of the time spent during 2022/23 to date is shown in Appendix B. To the end of November a total of 177.2 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.
6. The following final reports have been issued since the last Committee meeting:
 - Cashiers – Cash Handling
 - Corporate Governance – Trust and Confidence
 - Estates Function
 - Firearms and Tasers
 - Major Project – Business Operations

Progress with Agreed Actions

7. 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 November. The table shows all those audits, which have recommendations still to be implemented. Based upon the target date agreed with management there are 15 recommendations overdue. One of these is classed as “Fundamental” High (H) and there are 2 “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
2022/23					
Cashiers/Cash Handling	<p>The scope of this audit included:</p> <ul style="list-style-type: none">• Policies and procedures• Security of cash• Recording and accounting for cash• Arrangements for banking amounts received• Controls in place in relation to imprest accounts <p>The audit found:</p> <ul style="list-style-type: none">• The arrangements for the receipting of ad hoc amounts received are not consistent across all areas. Sample testing of receipts issued identified that the method of payment was not always recorded making it impossible to verify that amounts were banked in the format they were received.• The reconciliation of the petty cash imprest account at 2 of the 3 locations visited contained the following errors, an incorrect bank balance, errors in the formulae of the reconciliation spreadsheet and that it was not possible to reconcile the imprest account held at Worcester Police Station. These are all being investigated by the Systems Team and Business Support.	Substantial	0	2	3

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
Corporate Governance - Trust and Confidence	<p>The scope of this audit included:</p> <ul style="list-style-type: none"> The adequacy of Corporate Governance arrangements which promote trust and confidence in the organisation and ensure officers behave with integrity and demonstrate a strong commitment to ethical values. The extent to which the relevance of those recommendations of Operation Hotton have been considered and addressed. The processes for producing the Annual Governance Statement, including the consideration of the core principles of the CIPFA/SOLACE Good Governance Framework. <p>The audit found:</p> <ul style="list-style-type: none"> The Force plans to launch a staff health & wellbeing survey in October of this year. However, the last similar surveys conducted internally prior to that were in 2015 and 2016. Since 2017, Durham University conducted surveys on behalf of several Forces, including WMP, however the Force has not had access to those results. It is important that survey results are reported, reviewed and assessed by senior management to identify any trends which may need to be addressed. All supporting records/documentation for the production of the Joint Annual Governance Statement (AGS) should be retained in accordance with laid down retention requirements to provide a clear audit trail for the production of the AGS. 	Substantial	0	1	1
Estates	The scope of this audit included:	Substantial	0	2	2

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<ul style="list-style-type: none"> • Strategies, Policies and Procedures • Data Management (and use of Access Maintain) • (Estates) Facilities Maintenance <ul style="list-style-type: none"> ➢ Identification, planning, booking and allocation of works ➢ Certification of completion ➢ Payment for Services • Performance and Budget Monitoring <p>The audit found:</p> <ul style="list-style-type: none"> • Estates Strategy and associated Delivery Plan(s) require finalisation, approval and adoption • Agreed cost for works (especially those outside of the standard Schedule of Rates) could not be easily evidenced 				
Firearms and Tasers	<p>The scope of this audit included:</p> <ul style="list-style-type: none"> • Governance Arrangement, Policies, Procedures and Guidance • Training • Authorisation, Issue and Return of Firearms and Tasers • Performance Monitoring and Reporting • Recruitment and Retention of Staff <p>The audit found:</p> <ul style="list-style-type: none"> • Whilst equipment was found to be held securely, an item had not been recorded as returned within the Chronicle system nor had the defect (RFID tag) that inhibited the recording of return been rectified. In addition, the failure to record the unreturned item within the Chronicle system had not been fully identified and investigated. We 	Substantial	0	2	1

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<p>were advised that the return and defect would have been noted within paper-based records held at the specific location</p> <ul style="list-style-type: none"> • Stock Check processes are not fully undertaken / documented 				
Major Project – Business Operations	<p>The scope of this audit included:</p> <ul style="list-style-type: none"> • Governance and oversight arrangements, including clarity of roles and responsibilities and the robustness of the business case; • The extent to which the project delivered the intended outcomes (benefits realisation), including monitoring and reporting arrangements; • The arrangements to ensure completion of the project in a timely manner; and • Project closure and post project analysis. <p>The audit found:</p> <ul style="list-style-type: none"> • It is understood from discussions held during the audit that a number of changes from the original business case took place due to various factors which resulted in revisions to the anticipated benefits and savings. There was a lack of an audit trail available to demonstrate adequate governance around these changes in terms of approvals and reporting. • There was also a lack of evidence available to demonstrate that savings, benefits and costs were adequately tracked during the life of the project and following project closure for those savings still to be delivered. • There was an incomplete audit trail to confirm the approval of both the BSP and BOC (Estates) business cases. • One of the key objectives of the BOC Project was to improve the disaster recovery arrangements of the Operational Control Centre 	Moderate	0	5	0

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<p>(OCC). Whilst it is understood that the improvements were successfully implemented, the audit was unable to independently evidence this.</p> <ul style="list-style-type: none"> • Evidence of project closure reporting was not made available during the audit to enable the closure arrangements to be reviewed. 				

Appendix B: Status of Internal Audit Workplan 2022/2023 as at 25/11/2022

Original Plan Topic	Plan agreed at JASC on 28.03.2022	Actual Days to 25.11.22	Revised Indicative days full year	Current Status	Assurance level	Notes
Cashiers/Cash Handling	10	12.6	12.6	Complete	Substantial	Slight overrun on days due to time spent at site visits.
Consultants (Force)	15	0.7	15	In Progress		Limited Opinion in 2021/22
Corporate Governance - Trust and Confidence	20	20.1	20.1	Complete	Substantial	
Covert Funds	10	3.9	10	In Progress		Audits now required in two areas, PSD and Intelligence so budget may be exceeded.
Custody	20	20.2	21	In Progress		
Estates	25	22.1	22.1	Complete	Substantial	This audit was deferred from 2021/22
Firearms Licensing	15	14.5	15	In Progress		
Firearms and Tasers	15	19.8	19.8	Complete	Substantial	
Gifts and Hospitality	10	10.3	10	Complete	Substantial	
HR Management	15	0.9	15	In Progress		

Original Plan Topic	Plan agreed at JASC on 28.03.2022	Actual Days to 25.11.22	Revised Indicative days full year	Current Status	Assurance level	Notes
ICT - Service desk operation	15	0	15			
Information governance	12	0.1	12			
Major Projects - Business Operations	20	19.9	19.9	Complete	Moderate	
Management and planning	30	19.8	30			
Previous years:						
Bank reconciliation		0.5	0.5	Complete		
Contract Management		5.2	5.2	Complete		
Debtors		3.2	3.2	Complete		
Establishment Control		1.9	1.9	Complete		
Information Management - Data Protection Compliance		0.8	0.8	Complete		
Treasury Management		0.7	0.7	Complete		
TOTAL	232	177.2	249.8			

Appendix C: Audits with recommendations outstanding

	Number of Recommendations								
Audit	Made	Risk Accepted	Redundant	Implemented	Not yet due to be implemented	Overdue			Response Rec'd Y/N
						0 to 3 Months	3 to 6 Months	Over 6 Months	
Audits completed during 2022/2023									
Bank Reconciliation (2021/22)	3	0	0	2	0	0	1 (1L)	0	Y
Contract Management (2021/22)	6	0	0	1	2	2 (2M)	1 (1M)	0	Y
Treasury Management (2021/22)	6	0	0	3	0	0	3 (3L)	0	Y
Debtors (2021/22)	6	0	0	4	0	0	2 (2M)	0	Y
Gifts and Hospitality	3	0	0	0	0	0	3 (2M 1L)	0	Y
Audits completed Prior to 2022/2023									
Consultants	5	0	0	4	0	0	1 (1H)	0	Y
Seized Property	1	0	0	0	0	0	0	1 (1M)	Y
ICT – Active Directory	7	0	0	6	0	0	0	1 (1M)	Y
Total	37	0	0	20	2	2	11	2	

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