

Agenda item:

West Mercia Joint Audit and Standards Committee Report Summary

Meeting Date: 26 June 2023

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 2023 and provides details of the outcome of the external assessment of the Internal Audit service.

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 2023-24 Audit Plan, agreed by the Joint Audit and Standards Committee on 21 March 2023.
2. In addition, the Internal Audit service has been externally reviewed by CIPFA to assess compliance with the Public Sector Internal Audit Standards. Under the standards an external assessment is required every five years. I am pleased to report that the assessment has found the service to be compliant in all areas. For information, a copy of the report is included as Appendix D
3. 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

4. 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.
5. 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 May 2023, against the plan agreed by the Committee on 21 March 2023 and shows all coverage including both the Force and OPCC.

Work Progress

6. Good progress is being made against the 2023/24 plan with seven audits in progress and the 2022/23 plan is nearly complete with only two assignments remaining, one at Draft report stage. An analysis of the time spent during 2023/24 to date is shown in Appendix B. To the end of May a total of 22.8 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.
7. The following final reports have been issued since the last Committee meeting:
 - Consultants
 - Covert Funds
 - Information Governance -Data Protection

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 May. The table shows all those audits, which have recommendations still to be implemented. Based upon the target date agreed with management there are 13 recommendations overdue. None of these are classed as “Fundamental” High (H), however there are 7 “Significant” Medium (M) priority recommendations, which are more than six 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					
Consultants	<p>The scope of the audit included, but was not limited to the following areas:</p> <ul style="list-style-type: none">• Follow up of previous Internal Audit recommendations;• An evaluation of the processes and guidance in place relating to the engagement of consultants and the monitoring arrangements;• An analysis of the business case/justification for engaging consultants, and the resultant contractual arrangements established;• Compliance with IR35 regulations; and• Arrangements for monitoring and reviewing the outputs, and cost, of the engagement against the original terms and HMRC certification. <p>The audit found:</p> <ul style="list-style-type: none">• There is a good control framework in place but there remains a need to ensure these controls are consistently applied across the Force.• The procurement route outlined within Joint Finance & Contract Regulations should be followed in all cases and, if there are exceptional circumstances where this is not possible, the exemptions process should be followed.• Whilst there were some good examples of having in place documented deliverables and outputs and robust monitoring	Moderate	0	4	0

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<p>arrangements, an exception was noted where no deliverables and outputs were documented and there was no evidence of any monitoring taking place.</p> <ul style="list-style-type: none"> In the main, appropriate checks regarding employment status are conducted for consultancy engagements, however an exception was identified and there is an apparent lack of understanding within some areas, of the need to conduct such checks in every instance, in accordance with the Force's laid down processes. 				
Covert Funds	<p>The scope of the audit included, but was not limited to; the procedures, controls and supporting documentation in relation to the following risk areas:</p> <ul style="list-style-type: none"> Policies and procedures Access to information including IT systems Financial management arrangements including payments, authorisation, and segregation of duties Scheme of delegation <p>The audit found:</p> <ul style="list-style-type: none"> There were some inconsistencies in the way records were maintained, but overall the controls were appropriate. 	Substantial	0	0	2
Information Governance - Data Protection	<p>The scope of the audit includes, but is not limited to, the following areas:</p> <ul style="list-style-type: none"> Mapping of data pathways for covert material The secure storage of physical material <p>The audit found:</p>	Substantial	0	0	4

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	Within Local Policing areas covert material is stored electronically. There is a known issue in that any officer with access to the drive is currently able to view any information stored on it. Work is underway to look at options to ensure only officers with a genuine need to view information have access to the files on the drive.				

Appendix B: Status of Internal Audit Workplan 2023/2024 as at 28/5/2023

Original Plan Topic	Plan agreed at JASC on 21.03.2023	Actual Days to 28.05.23	Revised Indicative days full year	Current Status	Assurance level	Notes
Absence Management	15	0	15			
Asset Management (Advisory)	15	1.9	15	In Progress		
Business Continuity	15	3.0	15	In Progress		
Force Risk Management	10	0.2	10	In Progress		
Information Governance (Annual)	12	0	12			
Integrated Offender Management (MOSOVO)	20	0.9	20	In Progress		
MTFP / Budget Setting	15	0	15			
Payroll inc. Overtime	20	0	20			
PCC Grants inc Victim Support	20	0.2	20	In Progress		
PCC Risk Management	10	0.2	10	In Progress		

Original Plan Topic	Plan agreed at JASC on 21.03.2023	Actual Days to 28.05.23	Revised Indicative days full year	Current Status	Assurance level	Notes
Performance Management	20	0.2	20	In Progress		
Vetting	15	0	15			
Workplace Adjustments	15	0	15			
Management and planning	30	2.6	30			
Previous years:						
Consultants		0.3	0.3	Complete	Moderate	
ICT - Service desk operation		6.3	15	In Progress		
Information Governance – Data Protection		0.9	0.9	Complete	Substantial	
Human Resource Management		6.1	7	Draft	Substantial	
TOTAL	232	22.8	255.2			

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									
Contract Management (2021/22)	6	0	0	2	0	0	1 (1L)	3 (3M)	Y
Debtors (2021/22)	6	0	0	4	0	0	0	2 (2M)	Y
Cashiers	5	0	0	3	0	0	2 (1M 1L)	0	Y
Firearms Licensing	3	0	0	1	2	0	0	0	Y
Covert Funds	2	0	0	0	0	2 (2L)	0	0	Y
Data Protection	4	0	0	0	4	0	0	0	Y
Audits completed Prior to 2022/2023									
Seized Property	1	0	0	0	0	0	0	1 (1M)	Y
Fleet	2	0	0	1	0	0	1 (M)	0	Y
ICT – Active Directory	7	0	0	6	0	0	0	1 (1M)	Y
Total	36	0	0	17	6	2	4	7	

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