

**Warwickshire Joint Audit and Standards Committee Report Summary**

**Meeting Date: 26<sup>th</sup> November 2019**

**Subject: Progress against 2019/20 Internal Audit Plan**

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**Purpose of the Report:**

**This report summarises progress against the agreed Internal Audit plan and proposes changes to the plan to cover the period to 31 March 2020.**

**Recommendation:**

**The Committee is requested to**

- a. note the report;**
- b. approve the revised Audit Plan 2019-20.**

## **Progress against 2019/20 Internal Audit Plan**

### **Report by the Head of Internal Audit**

1. This report summarises the audit work undertaken against the Audit Plan 2019/2020 agreed at the Warwickshire and West Mercia Joint Audit Committee meeting on 18<sup>th</sup> March 2019, since progress was reported in the Internal Audit Annual Report 2018/19 presented to the Committee on 25<sup>th</sup> July 2019.
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 Warwickshire OPCC, Warwickshire Police, West Mercia OPCC and West Mercia Police. During the period to 8<sup>th</sup> October 2019 we have continued to undertake audits which provide assurance to all clients. With the expected termination of the alliance arrangements we are adapting our approach to provide separate reports for each client where appropriate. In some cases what would have been a single audit will in future become two separate audits, although we will aim to deliver the work in the most efficient and effective way and where shared services continue some joint testing may still be possible.
4. We have amended the Audit Plan to reflect the latest position in consultation with the S151 Officers, although we recognise that the arrangements are subject to further change.
5. Since the Internal Audit Annual Report 2018/19 priority has been given to delivering the outstanding work to complete the 2018/19 plan, whilst we have continued to chase responses to finalise older work.
6. Responses have been received for the following reports and as a result the following audits have been finalised:
  - Crime Property
  - Project Health Checks
  - GDPR

Crime Property, Project Health Checks and GDPR were reported in detail at draft stage in the Annual Report 2018/19.
7. We are awaiting responses to the draft reports for the following audits:
  - Budget Management
  - Contract Management
  - Business Continuity

## 2019/20 Audits

8. The audit team has made progress against the 2019/20 plan. A final report has been issued in respect of the Payroll - including self-service audit, the results of which are outlined in Appendix A.
9. A draft report has been issued in respect of the HR management – recruitment, pre employment checks and vetting and the report is in the process of being agreed prior to a final report being issued. Additional time has been required to finalise reports due to the requirement to obtain agreement from both forces to the management responses.
10. The plan agreed on the 18<sup>th</sup> March 2019 only covered the period to October 2019 due to the termination of the Alliance. Appendix B shows the proposed indicative plan to 31<sup>st</sup> March 2020, this has been discussed with the section 151 officers and shows all coverage including both forces and PCCs. A number of audits are in progress and an analysis of the time spent during 2019/20 to date is shown in the Appendix. A total of 153 audit days have been delivered, compared with the annual plan of 346 days and we are on track to deliver the budgeted days by the end of the financial year. However, progress to date has been hampered by the focus of managers on the structural changes arising from the alliance termination and delivery of the audit plan is dependent on the cooperation of managers.
11. 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.
12. A key audit to highlight is the audit of the alliance termination and future collaboration arrangements. This has been deferred from earlier in the year due to the ongoing developments around termination. This audit relates to a high risk area and will be a key component underpinning the overall audit opinion for 2019/20 and so it would be a concern if it is not delivered before the year end. The terms of reference for this audit are being updated for current developments and the work is expected to be prioritised for completion.
13. Responsibility for implementing agreed recommendations previously rested with the Chief Executives and Chief Constables of both Forces who implemented monitoring arrangements to establish progress on implementing audit recommendations. Analysis and Service Improvement (ASI) 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 original target date agreed with management there are 32 recommendations overdue. Whilst none of these are classed as fundamental, it is a concern that 11 recommendations are more than 6 months overdue.

14. The current recommendations being followed up are all those agreed as an Alliance, all reports currently being finalised will be agreed with Warwickshire only, so going forward follow up will be with the Warwickshire Chief Executive and Warwickshire Chief Constable.

## 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
Payroll including Self Service	<ul style="list-style-type: none"> <li>• Payroll control account reconciliations were not performed at all during 2018/19. The year-end (March 2019) reconciliation has been performed as part of year end procedures but in-month reconciliations were not completed;</li> <li>• Whilst a draft contract for payroll services provided by Liberata has been prepared, as at the audit report date, the contract for the 2019/20 financial year has not been signed by the two parties;</li> <li>• Issues reported to Liberata and monitored via an issues log include agreed actions and target dates. At the audit date, the issues log includes 4 'open' issues; only 2 of these have an agreed date for completion and 2 have a completion date which has passed; and</li> <li>• Payroll Team staff continue to have access to payroll functions until 120 days after their leaving date as a result of their dual role for access for their personal payroll and job related activity.</li> </ul> <p>An action plan has been agreed to address these findings.</p>	Substantial	0	1	4

## Appendix B: Status of Internal Audit Workplan 2019/2020 as at 28/10/2019

Original Plan Topic	Original Plan Indicative days to Oct	Actual Days to 28.10.19	Revised Indicative days full year	Current Status	Assurance level  # denotes reported in 2018/19 Annual Audit Report	Notes
Alliance Termination and future collaboration arrangements	15	15	20+20	Warwickshire audit in progress		Two separate audits for each Force. We are asked to wait for more clarity on the future arrangements before completing this work.
Payroll including self service	20	17	18	Final Report Issued.	Substantial	
Accounts Payable	20	0	20	Planning		
IT	15	0	15	Planning		TIAA (our IT Audit specialists) to meet IT and plan this work.
Corporate Governance – gifts and hospitality, declarations of interests.	15	12	15	In progress		

Original Plan Topic	Original Plan Indicative days to Oct	Actual Days to 28.10.19	Revised Indicative days full year	Current Status	Assurance level  # denotes reported in 2018/19 Annual Audit Report	Notes
Seized property	15	2	15	Planning		Audit of Firearms disposal postponed due to Force staffing issues.
HR management – recruitment, pre-employment checks, vetting	15	15	15	Draft report issued	Substantial	Management responses received awaiting management sign off.
Risk management	15	10	10+10	In progress		Two separate audits for each Force.
<b>Contingency – including provision to complete 2018/19 audits B/F audits time in 2019/20:</b>	20					
Budget Management		18	19	Draft report issued	Substantial #	
Contract Management		16	16	Draft report issued	Moderate #	
Crime Property		0	0	Final report issued	Substantial #	

Original Plan Topic	Original Plan Indicative days to Oct	Actual Days to 28.10.19	Revised Indicative days full year	Current Status	Assurance level  # denotes reported in 2018/19 Annual Audit Report	Notes
Business Continuity		1	1	Draft report issued	Limited #	
GDPR		4	4	Final report issued	Moderate #	
Project Health Checks		5	5	Final report issued	Limited #	
Project KCOM		0	0	Final report issued	Substantial #	
<b>Potential audits in second half year</b>  HR management - absence management		0	20	Planning		
Consultants – IR35 implications, robust process for engaging, performance management		5	15+15	In progress		Two separate audits for each Force. Propose four reports, one for each Force and each PCC.



Original Plan Topic	Original Plan Indicative days to Oct	Actual Days to 28.10.19	Revised Indicative days full year	Current Status	Assurance level  # denotes reported in 2018/19 Annual Audit Report	Notes
Strategic property asset management		0	0			Defer.
Contract management		0	0			Defer.
Procurement		0	0			Defer.
Treasury management		5	20	In progress		.
Projects / project management		0	0			Defer.
Covert funds		0	20	Planning		
Warwickshire Police Community Fund account			4			Audit requested to meet requirements of the Charity Commission
<b>Management and planning</b>	25	28	49			
	<b>175</b>	<b>153</b>	<b>346</b>			

### Appendix C: Audits with recommendations outstanding

	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	
Chief Constables									
Police MASH	6	0	0	0	1	0	1	4	N
Procurement	7	0	0	6	0	0	0	1	Y
Police Financial Systems - Payroll	9	0	0	8	0	0	0	1	Y
Police Fleet	9	0	0	6	0	0	0	3	Y
Partnerships	1	0	0	0	0	0	0	1	Y
GDPR and Data Protection	1	0	0	0	0	0	0	1	Y
ICT Active Directory	8	0	0	1	0	0	7	0	Y
ICT Database Admin and security	9	0	0	0	0	0	9	0	Y
Medium Term Financial Plan	4	0	0	0	0	4	0	0	Y
	54	0	0	21	1	4	17	11	