

Warwickshire Joint Audit and Standards Committee Report Summary

Meeting Date: 23rd January 2020

Subject: Progress against 2019/20 Internal Audit Plan

Contact details: Paul Clarke – Head of Audit

Tel: 01926 412897

Email: paulclarkere@warwickshire.gov.uk

Purpose of the Report:

This report summarises progress against the agreed Internal Audit plan 2019/20 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

Introduction

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 18th March 2019, and progress against the revised plan agreed at this Committee on 26th November 2019.

Audit Plan Review and Amendment

2. 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. 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 become two separate audits or possibly four, 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. However, a revision to the planned days for the following audits is proposed due to the additional work required in producing and obtaining agreement to two terms of reference, carrying out two audits and conducting two closedown meetings and finalising separate reports. (See Appendix A)

- Corporate Governance – an additional 5 days
- Risk Management – an additional 16 days due to the requirement to do two separate audits using different auditors
- Covert – an additional 2 days

Other minor amendments are:

- Additional one day adjustments have been made to the Contract Management and Business Continuity audits due to increased time taken to gain management responses to the audits.
 - A reduction of a day taken to finalise the Budget Management audit
4. To facilitate these changes to the plan it is proposed to defer the Seized Property audit (a reduction of 13 days) and it is envisaged that there will be 11 days of audit work carried over until 2020/21.

Work Progress

5. Since the last report to Committee on 26th November 2019 we have continued to chase responses to finalise older work.
6. A response has been received for the following report and as a result the audit has been finalised:

- Budget Management (Substantial assurance)

This report had been reported in detail at draft stage in the Annual Report 2018/19.

7. A response has been received to the Business Continuity audit report and we are awaiting management approval of the response received.
8. We are awaiting responses to the draft report for the following audit:
 - Contract Management

2019/20 Audits

9. The audit team has continued to make progress against the 2019/20 plan. A final report has been issued in respect of the HR management – recruitment, pre-employment checks and vetting audit, the results of which are outlined in Appendix B.
10. Draft reports have been issued in respect of the Corporate Governance – gifts and hospitality, declarations of interests and Treasury Management audits and management responses are awaited. Also, an audit of the Warwickshire Police Community Fund has been completed to comply with the requirements of the Charity Commission.
11. Appendix A shows the progress against the agreed revised plan 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 218 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.
12. 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.
13. A key audit to highlight is the audit of the alliance termination and future collaboration arrangements. Separate audits are to be undertaken using different audit staff for the two forces. This had 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. The terms of reference for the Warwickshire Police audit have been revised and finalised since the last meeting and this work is being prioritised for completion.

Progress with Agreed Actions

14. 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 target date agreed with management there are 31 recommendations overdue. Whilst none of these are classed as fundamental, there are 14 "Significant" Medium (M) priority recommendations which are more than 6 months overdue.
15. 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. We would suggest that the existing alliance recommendations should be reviewed to consider which should be retained under the future arrangements and to identify any which are now redundant or should be taken forward in a different way.

Appendix A: Status of Internal Audit Workplan 2019/2020 as at 31/12/2019

Original Plan Topic	Revised Plan agreed at November Committee	Actual Days to 31.12.19	Revised Indicative days full year	Current Status	Assurance level # denotes reported in 2018/19 Annual Audit Report	Notes
Alliance Termination and future collaboration arrangements	20 +20	15	20 +20	Warwickshire audit in progress West Mercia - awaiting agreement of terms of Reference		Two separate audits for each Force.
Payroll including self service	18	17	18	Final Report Issued.	Substantial	
Accounts Payable	20	10	20	In progress		
IT	15	0	15	Planning		TIAA (our IT Audit specialists) have met IT and are working on the scope of this audit.
Corporate Governance – gifts and hospitality, declarations of interests.	15	19	20	Two draft reports issued one for each Force.		Additional time required due the requirement to issue two final reports and hold two closedown meetings with both forces' Head of Professional Standards.

Original Plan Topic	Revised Plan agreed at November Committee	Actual Days to 31.12.19	Revised Indicative days full year	Current Status	Assurance level # denotes reported in 2018/19 Annual Audit Report	Notes
Seized property	15	2	2	Planning		Audit of Firearms disposal postponed due to Force staffing issues. Propose defer until 2020/21.
HR management – recruitment, pre-employment checks, vetting	15	15	15	Final report issued	Substantial	
Risk management	10 +10	15	18 +18	In progress		Two separate audits for each Force, requiring different auditors.
Budget Management	19	18	18	Final report issued	Substantial #	
Contract Management	16	17	17	Draft report issued	Moderate #	
Crime Property	0	0	0	Final report issued	Substantial #	

Original Plan Topic	Revised Plan agreed at November Committee	Actual Days to 31.12.19	Revised Indicative days full year	Current Status	Assurance level # denotes reported in 2018/19 Annual Audit Report	Notes
Business Continuity	1	2	2	Draft report issued	Limited #	Response received awaiting management sign off.
GDPR	4	4	4	Final report issued	Moderate #	
Project Health Checks	5	5	5	Final report issued	Limited #	
Project KCOM	0	0	0	Final report issued	Substantial #	
Audits in second half year HR management - absence management	20	1	20	Planning		
Consultants – IR35 implications, robust process for engaging, performance management	15+15	7	15+15	In progress		Separate audits for each Force. Propose three reports, one for each Force and one for West Mercia PCC.

Original Plan Topic	Revised Plan agreed at November Committee	Actual Days to 31.12.19	Revised Indicative days full year	Current Status	Assurance level # denotes reported in 2018/19 Annual Audit Report	Notes
Treasury management	20	20	20	Draft report issued		.
Covert funds	20	7	22	In progress		Two separate audits for each Force required
Warwickshire Police Community Fund account	4	4	4	Complete		Audit completed to meet the requirements of the Charity Commission
Carry forward to 2020/21	0		(11)			
Management and planning	49	40	49			
	346	218	346			

Appendix B: 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
HR management – recruitment, pre-employment checks, vetting	<p>The Alliance Police Staff Recruitment Policy & Procedure has not been subject to review since its implementation in 2008; the policy may not be compliant with relevant legislation or representative of recruitment and selection practices across the two Forces.</p> <p>A response has been received with an action plan to address this finding.</p>	Substantial	0	0	1

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 Constables									
Police MASH	6	0	0	0	1 (L)	0	1 (L)	4 (M)	Y
Procurement	7	0	0	6	0	0	0	1 (L)	Y
Police Financial Systems - Payroll	9	0	0	8	0	0	0	1 (M)	Y
Police Fleet	9	0	0	6	0	0	0	3 (1 M, 2 L)	Y
Partnerships	1	0	0	0	0	0	0	1 (M)	Y
GDPR and Data Protection	1	0	0	0	0	0	0	1 (M)	Y
ICT Active Directory	8	0	0	2	0	0	6 (6 M)	0	Y
ICT Database Admin and security	9	0	0	0	0	0	3 (3 M)	6 (6 M)	Y
Medium Term Financial Plan	4	0	0	0	0	4 (4 M)	0	0	Y
HR Recruitment, pre employment checks	1	0	0	0	1 (L)	0	0	0	Y
	54	0	0	21	2	4	10	17	