

**Agenda item:**

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

**Meeting Date: 28<sup>th</sup> July 2020**

**Subject: Progress against 2019/20 and 2020/21 Internal Audit Plans**

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**Purpose of the Report:**

**This report summarises progress against the agreed Internal Audit plan 2019-20 and work against the proposed 2020-21 plan.**

**Recommendation:**

**The Committee is requested to**

- a. note the report**

## **Progress against 2019/20 and 2020-21 Internal Audit Plans**

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

1. This report summarises the audit work undertaken against the Audit Plan 2019/2020 since progress was reported in the Internal Audit Update Report 2019/20 presented to the Committee on 23<sup>rd</sup> January 2020. It also shows work to date against the planned audits in 2020-21.
2. This report focuses on the progress and outcomes for each audit, where it has not been previously reported, whereas the Annual Report draws together the work throughout the 2019-20 financial year and provides the Head of Audit opinion on the overall Governance, Risk Management and Control environment.
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 2019-20 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 continued to undertake audits which provide assurance to all clients. With the expected termination of the alliance arrangements we adapted 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 aim to deliver the work in the most efficient and effective way and where shared services continue some joint testing was still possible.
5. Responses have been received for the following reports and as a result the following audits have been finalised:
  - Treasury Management
  - Corporate Governance – Gifts & Hospitality
6. We are awaiting responses to the draft reports for the following audits:
  - Covert Funds
  - Risk Management
  - Accounts Payable
  - Alliance Termination
7. A summary of the outcomes from these audits is set out in the table in Appendix A.

8. Despite the impact of COVID-19 work against the 2020-21 audit plan has commenced and the fieldwork has been completed for the audit of Procurement and an advisory service review of Fleet Management. Appendix B sets out the Audit Plan 2020-21 and the work to date. Based on progress to date we expect to be able to complete the planned audits during the course of the year.

## Summary of audits either completed since January 2020 Update Report or currently issued in draft.

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Funda-mental	Significant	Merits Attention
Treasury Management	<p>Treasury Management Advisors- The Arlingclose contract was reviewed and split between the forces last May for a further year to allow the two PCCs/Forces to each establish their own requirements following the termination of the Alliance.</p> <p>The contract includes a schedule of services, however, there are a number of elements within the contract which could be utilised to enhance the value from the arrangement.</p> <ul style="list-style-type: none"> <li>Staff and member training- The Treasury Management staff have not attended any recent treasury training, nor do they have annual appraisals to identify training needs. Given the current economic climate it is important that Treasury Management staff and members understand potential opportunities that could be available to the organisation.</li> <li>Each year Members receive and approve the Treasury Management Strategy and</li> </ul>	Substantial	0	2	3

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
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	Monitoring reports. Members of Audit and Standards Committee have not received any formal training for Treasury Management. Arlingclose offer training for both staff and Members.				
Corporate Governance – Gifts & Hospitality	Policies & Procedures All required policies, within scope of the audit, are in place, owned and in date at the time of the audit. Our review of Gift & Hospitality and Business Interest declarations revealed some gaps in procedures and policy areas which need clarification to reduce the risk of non compliance.	Substantial		2	3
Covert Funds	These will be reported once the report is finalised	Substantial #			3
Risk Management	These will be reported once the report is finalised	Substantial #		1	2
Accounts Payable	These will be reported once the report is finalised	Moderate #		5	4
Alliance Termination	These will be reported once the report is finalised	Substantial #		1	2

# indicates audits with formal draft issued, but not yet agreed and finalised at time of writing.

## Appendix B: Status of Internal Audit Workplan 2020-21 as at 14-7-2020

Original Plan Topic	Original Plan	Actual Days to 14-7-20	Revised Indicative days full year	Current Status	Assurance level	Notes
<b>Assurances for the Police and Crime Commissioner</b>						
Crime safety partnership - VFM and effectiveness of the 4 Crime Safety Partnerships	15			Planned		
Risk Management - Assurance on PCC risk management	10			Planned		
<b>Assurances for the Chief Constable</b>						
Financial systems – Payroll and Accounts Payable - Key systems preparing for transition	30			Planned		
HR - To include recruitment of detectives	15			Planned		
Procurement - Compliance and VFM	15	14		Fieldwork complete		
Fleet management - Service review	15	13		Fieldwork complete		
Business Continuity - To cover transitioned services	15			Planned		
Vetting (commercial) - Company structure, governance and commercial arrangements	15			Planned		
Overtime - Primarily Officer overtime	15			Planned		
<b>Management and planning</b>	30	5		Ongoing	N/A	
	<b>175</b>	<b>32</b>	<b>175</b>			