

Warwickshire Joint Audit and Standards Committee Report Summary

Meeting Date: 13th January 2021

Subject: Progress against 2020/21 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 2020/21 and sets out proposed changes to the plan to reflect changed circumstances and risks whilst ensuring adequate coverage over the year to support the annual Internal Audit opinion.

Recommendation:

The Committee is requested to

- a. The Committee is requested to note the report and endorse the proposed changes to the 2020/21 Internal Audit plan.

Progress against 2020/21 Internal Audit Plan

Report by the Head of Internal Audit

Introduction

1. This report summarises the audit work undertaken to date during 2020/21 and sets out some proposed changes to the plan which was agreed at the Warwickshire Joint Audit and Standards Committee meeting on 28th July 2020.

Work Progress

2019/20 Audits

The following audit has now been finalised:

- Use of consultants – Limited Assurance

This audit was undertaken under the former Alliance arrangements. There were weaknesses in the management of risks around compliance with HMRC taxation rules as well as procurement and contract management. Further details are included at Appendix A. Another audit of consultants has been added to the 2020/21 workplan, this time focussed on the Evolve programme.

2020/21 Audits

2. The audit team has made progress against the 2020/21 plan. During Q3 work is currently underway on the OPCC Risk Management and the Force Payroll and Accounts Payable and Overtime.

Changes to the Audit Plan 2020/21

3. The audit plan is subject to review to reflect emerging risks and changing circumstances. Since the last report the following amendments have been proposed, which I am satisfied will still provide a sufficient breadth of coverage for the annual internal audit opinion whilst addressing areas with a high priority and an opportunity to add value through the audit process.

Additions:

- Commissioned Services – Victim Support Unit
- Treasury Management
- Use of consultants – Evolve Programme

Deletions/ Deferrals:

- Crime Safety Partnership
- Business Continuity
- Vetting unit

Some time will also be saved on the Payroll and Accounts Payable audits by seeking assurance from West Mercia Police on the system controls rather than duplicating that work. Testing will therefore be required only on local controls and a sample of transactions.

Working through these changes have meant some delay in progressing planned audits during Q3 and work earlier in the year was impacted by Covid-19. We do, however, have the audit resources available to deliver the required work during the remainder of Q3 and Q4 and I expect the majority of the plan to be completed within the year.

4. Appendix B shows the progress against the agreed plan and shows all coverage including both the PCC and the force. An analysis of the time spent during 2020/21 to date is shown in the Appendix. A total of 80 audit days have been delivered to the end of November, towards the annual plan of 175 days.
5. The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits are 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.

Progress with Agreed Actions

6. 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. Analysis and Service Improvement (ASI) regularly ask managers for a status update and provide information for inclusion in this report.
7. 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 21 recommendations overdue. Of the 17 recommendations which are more than 6 months overdue, 14 relate to two IT audits. The process of separating the former Alliance IT systems continues and the responses and updates indicate that the actions are gradually being addressed as part of this
8. One overdue action is classed as “fundamental” High (H) priority, however, the latest update reports a degree of progress which provides some mitigation of the risks whilst further work continues.

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
Use of Consultants	<p>It is recognised that this audit was undertaken at the time that Warwickshire Police were working as part of the Alliance with West Mercia and that Warwickshire have been working on implementing their own policies etc. since the split earlier in 2020. Work on this audit has been further disrupted due to the situation with the Covid pandemic.</p> <p>Warwickshire Police spent approximately £16,000 with consultants during 2018/19, with the spend to September 2019, for 2019/20, at £498,000, which included the large contract with West Midlands PCC and Accenture.</p> <p>Our key concerns are as follows:</p> <ul style="list-style-type: none"> • It was difficult to track down information relating to the consultants that had been chosen as part of our sample. Staff often move roles within the Force or leave all together and there was no procedure in place to ensure that evidence was maintained; • Only one contract was found to have any contract monitoring in place and there was no evidence of any budget monitoring for any of the contracts in the sample; • No second line of defence in operation as no central monitoring and compliance role in place; and • The suite of tools available on the intranet, such as the Contract and Procurement Guidance note; the IR35 Process document and the HR 	Limited	1	4	1

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<p>instructions on Engaging Consultants, were confusing, not joined up and therefore not easy to follow.</p> <p>The retention of records and the lack of staff training and awareness appear to be the root causes of the main issues.</p>				

Appendix B: Status of Internal Audit Workplan 2020/21 as at 30/11/2020

Original Plan Topic	Original Planned days	Revised Planned days	Actual Days to 30.11.20	Current Status	Assurance level	Notes
OPCC AUDITS						
Risk Management	10	10	4	In progress		
Crime Safety Partnership	15	0		Cancelled		Proposed to defer
Commissioned Services – Victim Support Unit		15	0.5	Addition to plan. Initial planning in preparation for Q4 audit		New request to replace deferred Crime Safety Partnership audit. Some time will also be used to certify a Ministry of Justice claim return
FORCE AUDITS						
Procurement	15	19	19	Final Report Issued	Moderate	
Payroll	15	7.5	0.5	Approach agreed.		The systems work to be a 3 rd party assurance from WM Police. Audit will cover sample testing.
Accounts Payable - Creditors	15	7.5	4	Work in progress		
Human Resources Management	15	15		Planned for Q4		
Vetting Unit	15	0		Deferred		
Payroll - Overtime	15	15	2	Planned for Q4		
Fleet	15	19	19	Final Report Issued	Advisory - Not applicable	
Business Continuity	15	0.5	0.5	Deferred		

Use of consultants – Evolve programme		14.5		Planned for Q4		New request to replace deferred Business continuity
Treasury Management		15		Planned for Q4		New request to replace deferred Vetting Unit audit
2019/20 Audits Finalised						
Alliance Termination		3.5	3.5	Final Report Issued	Substantial	
Risk Management (Force)		0	0	Final Report Issued	Substantial	
Accounts Payable		3	3	Final Report Issued	Moderate	
Use of Consultants		12	12	Final Report Issued	Limited	
Management and planning	30	30	12			
TOTAL	175		80			

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 Fleet (2018)	9			8				1M	Y
ICT Active Directory	8			3				5M	Y
ICT Database admin and security	9							9M	Y
GDPR and data protection	3			2				1M	Y
Business continuity	3			1			1M	1H	Y
Termination assurances	3			1	1L		1M		Y
Accounts Payable	7			6	1M				Y
	42	0	0	21	2	0	2	17	