

Warwickshire Joint Audit and Standards Committee Report Summary

Meeting Date: 19th January 2022

Subject: Internal Audit Update Report

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Purpose of the report:

This report summarises progress towards completion of the agreed Internal Audit plan 2021/22 and provides an update on the implementation of agreed recommendations.

Recommendation:

The Committee is requested to note the report.

Background:

Paragraphs 13-20 of the JASC Terms of Reference, set out the Committee's responsibilities in relation to Internal Audit. In particular this includes consideration of the progress of internal audit activity against the audit plan and the level of assurance it can give over corporate governance arrangements.

Executive summary:

Since the September 2021 update, work has continued, largely to plan, on the delivery of the agreed audit plan 2021/22. This is following a schedule which has been agreed for the completion of 2021-22 work over the remainder of the year.

Analysis of the overdue actions arising from Internal Audit work shows positive progress in completing long outstanding items, including those relating to IT controls.

Internal Audit Update Report September 2021

Report by the Head of Internal Audit

Introduction

1. This report summarises the audit work progress since the September 2021 update report. 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.

Work Progress

2020/21 Audits

2. Work has been finalised on the following:

- Treasury Management (Substantial assurance)

Appendix A provides an overview of the above completed audit, showing the key findings and data on the recommendations.

2021/22 Audits

3. 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 is shown in the Appendix.
4. A total of 118 audit days have been delivered to the end of November. Whilst most time was directed to 2020/21 work in Q1, the focus in Q2 onwards has been on delivery of the agreed plan for 2021/22. The following work has now been finalised:

- Budget Management (Moderate assurance)
- Oversight of complaints (Moderate assurance)
- Ministry of Justice grant (certification)

5. Change Programme Governance (Evolve Project)

An audit of Change Programme Governance was included in the plan for 2021/22 and in agreement with management our approach for this audit is to act as a critical friend to the Programme. In this capacity, we attend key governance meetings, review available documentation and feedback observations and comments to management on a real time basis.

Our assessment at the end of December is that:

- Meetings were well administered and managed.
- Discussion was dynamic, open to challenge and debate.
- The focus was on immediate programme risks and opportunities.
- The group considered short and medium-term risks.

Scoring governance across ten attributes has identified three areas for improvement:

Attribute 1: Strong Governance, informed decision making and reporting

Attribute 2: Managed Risks and Opportunities

Attribute 3: Embedded Life Cycle assurance

We will continue to support this project and provide feedback as the work continues.

6. Whilst there has been some slippage, work is progressing based on the indicative quarterly plan as summarised below and the aim will be to complete all work at least to draft report stage by the end of March.

Q2 (July – September)

- PCC – Commissioned Services
- PCC – MoJ sign off
- Force – Budget management
- Force – Business continuity

Q3 (October – December)

- PCC – Complaints
- Force – Key financial systems
- Force – Estates

Q4 (January – March)

- Force – Information governance
- Force – Performance management

The review of 'Change Programme Governance' is looking at this throughout the year providing real time assurance in a critical friend capacity.

Progress with Agreed Actions

7. 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.
8. Appendix C summarises the results of the latest monitoring exercise. The table shows all those audits that have recommendations which are still to be implemented. Based upon the target date agreed with management there are 5 recommendations overdue. There is one recommendation which is more than 6 months overdue. This relates to Fleet Management. An update on progress had been provided on this and whilst the action is not yet complete, progress is being made to improve control. It is pleasing to note that further progress has been made since the last report in completing outstanding actions relating to IT systems and that these are now reported as complete.

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
Treasury Management	<ul style="list-style-type: none"> Good control overall. Some further refinement of the cash flow forecast process agreed to integrate and align with the actuals. 	Substantial	0	1	3
Budget Management	<ul style="list-style-type: none"> Delegated budget holders at an operational level below the senior leadership team (primary delegations) were not familiar with Force Financial Regulations or the guidance about good and balanced budgets and budget management, which was issued by the Finance Team in February 2021. In addition, the intranet has out of date or missing information including an out-of-date scheme of delegation, not publishing the guidance on good and balanced budgets, procedures for forecasting or training notes from the recent CIPFA session. If the Director of Finance is unable to attend Executive Board meetings, the Money Matters report and financial issues are not always discussed if there is not a substitute senior officer from the Finance Directorate present. Finance training needs, particularly for delegated budget holders, have not been established as colleague personal development reviews are not linked to enable wider identification of finance learning and development needs. Uniformed staff with delegated 	Moderate	0	2	4

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	budget holder responsibilities have a higher frequency of transfers, rotation, and promotions and would benefit more from training of this nature to enable greater understanding of budget management.				
Oversight of complaints	<ul style="list-style-type: none"> Procedures are not fully documented. The initial steps of the complaint review process have been documented; however, some key parts of the process have not. The impact of recent personnel changes and the impending end of engagement of the Complaints Review Manager in March 2022 will result in a significant loss of experience with a potential risk to service performance. The Development and Policy Lead (Standards and Integrity) advised audit that there had been three occasions where Complaint Reviews submitted were not be captured by the PCC on a timely basis. Actions were agreed to address these issues. 	Moderate	0	2	7
Ministry of Justice grant certification	<ul style="list-style-type: none"> Satisfactory sign off 	Not applicable	0	0	0

Appendix B: Status of Internal Audit Workplan 2021/22 as at 31/12/21

Original Plan Topic	Original Planned days	Actual Days to 30/11/2021	Current Status	Assurance level	Notes
OPCC AUDITS					
Commissioned services	15	14	Draft report		
Oversight of complaints	10	15	Completed	Moderate	
Ministry of Justice - independent sign off of return	2	2	Completed		
FORCE AUDITS					
Key financial systems	20	0.3	Planning		
Budget management	15	15	Completed	Moderate	
Change programme governance, including ICT	20	10	In progress		On-going support to the project
Estates - new internal function	20	0.4	Planning		
Information governance - Force	15	0.4	Planning		
Performance management	15	0.4	Planning		
Business continuity	15	6	Planning		

2020/21 Audits					
Risk Management		1.8	Completed		
Payroll		3.9	Completed		
Human Resources Management		3.7	Completed		
Payroll - Overtime		5.9	Completed		
Treasury Management		11.1	Completed	Substantial	
Use of Consultants - Evolve		13.1	Completed		
Management and planning	25	15			
TOTAL	172	118			

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	
Police Fleet (2018)	9			8				1M	Y
Payroll - Overtime	3			2		1M			Y
Use of consultants – Evolve programme	5			4			1M		Y
Treasury Management	4			1	1	2			Y
	21	0	0	15	1	3	1	1	