

Warwickshire Joint Audit and Standards Committee Report Summary

Meeting Date: 16th March 2022

Subject: Internal Audit Update Report

Contact details: Paul Clarke – Head of Audit

Tel: 01926 412897

Email: paulclarkere@warwickshire.gov.uk

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 January 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. It is proposed to defer the Performance Management audit to 2022/23.

Analysis of the overdue actions arising from Internal Audit work shows a positive position with most of the due actions having been implemented.

Internal Audit Update Report March 2022

Report by the Head of Internal Audit

Introduction

1. This report summarises the audit work progress since the January 2022 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

2021/22 Audits

2. 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.
3. A total of 145 audit days have been delivered to the end of January. 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:
 - Commissioned Services (Substantial assurance)
 - Change programme governance (Evolve)
4. 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. The only exception to this the Performance Management audit, which has proved difficult to arrange around staff availability and it is proposed that this audit should be deferred to 2022/23.

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

5. 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.
6. 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 4 recommendations overdue. There are two recommendation which are more than 6 months overdue. This relates to Fleet Management and the use of consultants. An update on progress had been provided on this and whilst the action is not yet complete, progress is being made to improve control.

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
Commissioned services	<ul style="list-style-type: none"> Conflict of interest forms could not be located to evidence that they had been completed at the time for all staff involved with the commissioning process in 2018. Annually agreed KPI targets had not been defined for performance measures reported by commissioned services. For the 2018 commissioning cycle only a small pool of tenders was received for each of the lots, and for one of the services commissioned only one tender submitted for evaluation. Advertising of the tendering for the services was carried out through the PCC website and Blue Light portal, but the opportunity should be taken to review the reach of advertising to a wider audience of potential tenderers. 	Substantial		1	3
Change Programme Governance (Evolve)	<ul style="list-style-type: none"> Meetings were well administered and managed. Discussion was dynamic, open to challenge and debate. The focus was on immediate programme risks and opportunities. 	We provided real-time advice and a briefing note rather than an assurance report and opinion, but overall we found a good level of control as regards things in the control of the force. The risk remained high, however, with much of the success of the project being dependent upon external factors.			

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<ul style="list-style-type: none"> The group considered short and medium-term risks. <p>Scoring governance across ten attributes has identified three areas for improvement:</p> <ul style="list-style-type: none"> Attribute 1: Strong Governance, informed decision making and reporting Attribute 2: Managed Risks and Opportunities Attribute 3: Embedded Life Cycle assurance 				

Appendix B: Status of Internal Audit Workplan 2021/22 as at 28/2/22

Original Plan Topic	Original Planned days	Actual Days to 31/1/2022	Current Status	Assurance level	Notes
OPCC AUDITS					
Commissioned services	15	15	Completed	Substantial	
Oversight of complaints	10	10	Completed	Moderate	
Ministry of Justice - independent sign off of return	2	2	Completed	N/A	Return certified
FORCE AUDITS					
Key financial systems	20	11	In progress		
Budget management	15	15	Completed	Moderate	
Change programme governance, including ICT	20	13	Completed	N/A	Positive assessment against project governance criteria
Estates - new internal function	20	2	Planning		
Information governance - Force	15	8	In progress		
Performance management	15	0.5	Deferred		Due to availability of client and audit staff for this review, it is proposed to defer this audit.
Business continuity	15	11	Draft issued		

Original Plan Topic	Original Planned days	Actual Days to 31/1/2022	Current Status	Assurance level	Notes
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	18			
TOTAL	172	145			

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
Use of consultants – Evolve programme	5			4				1M	Y
Budget Management	6			2	4				N
Treasury Management	4			1	1	1	1		Y
	24	0	0	15	5	1	1	2	