

Warwickshire Joint Audit and Standards Committee Report Summary

Meeting Date: 6th July 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 plans 2021-22 and 2022-23 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 March 2022 update, work has continued, largely to plan, on finalising the work for 2021-22 and the delivery of the agreed audit plan 2022/23. Careful management has enabled the completion of the 2021-22 work with a much reduced carry forward and a positive start on the work planned for 2022-23.

Analysis of the actions arising from Internal Audit work shows a positive position. The updates show that progress is being made on addressing the overdue actions.

Internal Audit Update Report March 2022

Report by the Head of Internal Audit

Introduction

1. This report summarises the audit work progress since the March 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. All work is now complete with the exception of Information Governance where we just await management responses to the draft report.

2022-23 Audits

Appendix C shows progress against the 2022-23 Audit Plan. One audit has already been finalised and fieldwork is advancing well for three others. The completed audit is:

- Publication compliance (Substantial assurance)

Overall there has been good progress on the 2022-23 work which puts us in a good position for delivery of the plan within the year.

Progress with Agreed Actions

3. 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.
4. Appendix D 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 9 recommendations overdue. There are three recommendations which are more than 6 months overdue. These relate to Fleet Management, Treasury Management and the use of consultants. An update on progress had been provided on these and whilst the actions are not yet complete, progress is being made to improve controls.

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
Key Financial Systems	<p>As part of an on-going cycle of reviews of Key Financial Systems this review covered the following areas:</p> <p>Payroll</p> <ul style="list-style-type: none"> • Policy, procedures, and training • Contractual arrangements for payroll services and performance monitoring • Access and security of electronic and physical data • Reconciliation of payroll to the Finance System and Management Reporting • Deductions and statutory reporting • Input and authorisation of payroll transactions <p>Pensions</p> <ul style="list-style-type: none"> • Policy, procedures, and training • Contractual arrangements for pension services and performance monitoring • Data accuracy: reliability and integrity of financial and operational information • Data security: safeguarding information 	Moderate	0	5	4

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<p>Key Findings</p> <p>Our key concerns were as follows:</p> <ul style="list-style-type: none"> Schedule A Service Requirements lists 67 cross functional actions, including payroll and pensions. However, no Key Performance Indicators (KPIs) have been associated with these actions, as a consequence there is a risk that contract performance cannot be effectively monitored. The Force send a Variation Report to Liberata; detailing for example, change in hours, changes to grade, permanent allowance to an employee contract. However, there is no report confirming all the variations have been applied to ITrent. The Forces payroll checks in January 2022 identified a significant overstatement of hours for one Police Officer. The posting error had not been identified by Liberata, nor had they provided a satisfactory explanation to the Force. 				
Estates	The Estates Team have made significant progress, with limited resource, in moving the management of the estate in house. The new contracts and specifications have overcome some shortfalls identified in the previous arrangements and coverage. The stock condition survey and asset verification exercise has ensured that works and checks are carried out more effectively and comprehensively. As a result, there has been an	Substantial	0	2	4

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<p>improvement in the compliance checking, testing, and monitoring arrangements.</p> <p>There are some minor actions recommended that will enhance the progress already made.</p>				
Business Continuity	<p>The scope of this audit included a review of the controls over business continuity in the following areas:</p> <ul style="list-style-type: none"> • the enactment of business continuity during the early stages of the Covid19 pandemic; • an assessment of how well the plans worked and how changes in staff were managed and supported; • how lessons learnt have been dealt with; and • what changes have been introduced following the Covid19 situation. <p>Key Findings</p> <p>As the Government started to put together plans to cope with the Covid pandemic they recognised that blue light services could be mobilised to address issues as they emerged. The Police Force were engaged as a ‘first line of defence’ to mitigate any risks that were posed. Warwickshire Police, therefore, obtained significant instructions and guidance directly from</p>	Substantial	0	1	0

Audit	Key findings	Opinion on level of assurance provided by controls	Number of recommendations		
			Fundamental	Significant	Merits Attention
	<p>Central Government. In addition, they worked closely with local government and other local services in the West Midlands to formulate plans and continue to provide services to the public.</p> <p>Although the Force have maintained a decision log throughout this time they have not kept a log of lessons learnt. This would have been a useful tool to identify mistakes, areas for improvement, good practice that can be used again and actions that worked well. All of which could help to shape the Force and identify potential improvements for business as usual as well as any other emergency.</p>				
Publication compliance (OPCC)	We found that the requisite details were available on the website or in supporting documents although some details were either out of date or require additional information or clarification. We also noted that accessing some of the information is not easy and it could be assumed that this is not available.	Substantial		1	5

Appendix B: Status of Internal Audit Workplan 2021/22 as at 13/6/22

Original Plan Topic	Original Planned days	Actual Days to 31/5/2022	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	20	Completed	Moderate	
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	20	Completed	Substantial	
Information governance - Force	15	12	Draft issued		
Performance management	15	0.5	Deferred		Due to availability of client and audit staff for this review, it is agreed to defer this audit.
Business continuity	15	12	Completed	Substantial	

Original Plan Topic	Original Planned days	Actual Days to 31/5/2022	Current Status	Assurance level	Notes
2020/21 Audits					
Risk Management		1.8	Completed	Moderate	2020/21 Opinion
Payroll		3.9	Completed	Substantial	2020/21 Opinion
Human Resources Management		3.7	Completed	Substantial	2020/21 Opinion
Payroll - Overtime		5.9	Completed	Substantial	2020/21 Opinion
Treasury Management		11.1	Completed	Substantial	Completed 2021-22
Use of Consultants - Evolve		13.1	Completed	Moderate	2020/21 Opinion
Management and planning	25	23			
TOTAL	172	182			

Appendix C: Status of Internal Audit Workplan 2022/23 as at 13/6/22

Original Plan Topic	Original Planned days	Actual Days to 31/5/2022	Current Status	Assurance level	Notes
OPCC AUDITS					
GDPR/ Information governance	12				
Publication compliance review	15	15	Completed	Substantial	
Ministry of Justice - independent sign off of return	2				
FORCE AUDITS					
Key financial systems	22				
VFM practice review	15	1	Planning		
ICT Cyber security	15				
Performance management	15	1	In progress		
Learning, development and training	20		Planning		
Firearms Licensing	15	2	In progress		
Control of firearms and tasers	15	2	In progress		
Management, committee reporting etc.	24	3			
TOTAL	170	24			

Appendix D: 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	0	4 (1M)			Y
Treasury Management	4			1			2	1	Y
	24	0	0	15	0	4	2	3	