Internal Audit Progress Report
September 2019

Summary of assurance work

2019/20 Plan

The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits will be 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.

Final reports have been issued in respect of the following audits:
Information governance – moderate assurance

Draft reports have been issued in respect of the following audits:
Winter service – substantial assurance

The audits currently in progress are:
DAS establishments (cash handling)
DAS appointees and deputies
Schools governor support and training – thematic review
HR strategy and policy development and compliance
Corporate project management
IT inventory
IT systems administration
IT legacy systems
IT Liquid Logic implementation

Summary of non-assurance work

Counter Fraud

The size and complexity of the County Council means that some irregularities are inevitable, and therefore, in addition to planned assurance work, a number of special investigations are needed each year and since the last report the following investigations have commenced:

- Internal Audit have investigated an anonymous whistleblowing allegation that a member of staff in a school had awarded premises contracts to a supplier who had also undertaken private work for the member of staff concerned which was paid for from the delegated school budget. A draft report has been issued and we are in discussion with the Assistant Director of Education and Skills about next steps.

- Internal Audit has been asked to review hours claimed by staff in certain areas of the business. These investigations are ongoing and have uncovered a lack of clarity in some of our policies and inconsistent management action in authorizing claims.

National Fraud Initiative

Internal Audit have issued the results of the matches to the appropriate teams for investigation. The service areas will review the data and assess the matches for further investigation as appropriate. Work is ongoing but to date almost £33k has been recovered as a result of identified matches.

Advice

Internal Audit is most efficient when its advice is utilised to ensure that appropriate controls are incorporated at an early stage in the planning of policy or systems development. This work reduces the issues that will be raised in future audits and contributes to a stronger control environment. During the period the service has provided an input to various corporate projects and this work is consistently welcomed by managers.

We are currently supporting the transfer of services to Worcestershire Children First, including verification of financial balances and transactions. This work will include sample testing of transactions in September and October to ensure that they relate to the correct organisation.

In addition to the above, Internal Audit continues to:

- attend regular meetings of various corporate groups and provides advice and guidance as required. These include the Corporate Risk Management Group and Corporate Information Governance Group;
- Internal Audit is also attending meetings relating to the Finance Improvement Plan as part of the Communication and Training work stream and the Adults Finance and Change Board.

Audit system implementation update

The implementation of our audit management system, Pentana, is progressing well. We have configured the system to meet our requirements and staff have been trained. We are now undertaking user acceptance testing to ensure that the system delivers all that we need it to. This is planned to be completed by the end of September. The system provides functionality to enable operational managers to engage with the system, allowing monitoring of current audits and the ability to update recommendation progress. We anticipate this will be utilised from April 2020. The system will also enable us to report to Committee in a more interactive way and we are keen to demonstrate this functionality in due course.

Staffing

As has previously been discussed at Committee, we currently have 4 staff in the Internal Audit team and, although we are making significant progress, we are under-resourced in terms of delivering the audit plan and working towards developing the remit of the service. We are currently reviewing the structure and have 2 roles at Grading Panel this month. Recruitment will take place during the autumn.

Performance

We have taken significant steps since we last reported to Committee to review and complete the outstanding recommendations, and now have 83 recommendations open over 23 audits.

Directorate	Audit	Recommendations				
		Not yet due	0-3 months	3-6 months	6-12 months	> 12 months
Adult Services	Transition children to adult	2				
Children's Services	Direct payments - Children					3
	Foster payments	1			1	
Coach	Cyber Security	3	1			
	Councillors divisional funds	2	4			
	Agency staffing			1		
	Contract management		2		1	1
	Data centre security	3			1	
	Procurement		2	1		
	Performance Management		3	1		
	Information governance	7	2			
	IT Access Controls		1			
	IT Software Licensing	2				
Economy & Infrastructure	Information management				3	
	Approval of development			3		
	Design Services				1	
	Worcestershire Local Enterprise Partnership			1		
Schools	Chadsgrove		2			
	Finstall First		3			
	Northleigh Primary				19	
Finance	Accounts receivable	4				
	General Ledger	1				
Pension Fund	Pensions Investment				1	
		18	**18**	**7**	**27**	**4**

The most significant number of outstanding actions is with Northleigh Primary School where there is a new Headteacher in place who was unaware of the previous audit. We are working with the Head to ensure that he is aware of the recommendations and is comfortable about implementing them.