

## **AUDIT AND GOVERNANCE COMMITTEE**

### **30 JULY 2020**

## **INTERNAL AUDIT PROGRESS REPORT AND ANTI-FRAUD AND CORRUPTION STRATEGY**

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### **Recommendations**

- 1. The Chief Internal Auditor recommends that:**
  - a) The Internal Audit progress report be noted; and**
  - b) The Anti-Fraud and Corruption Strategy be approved.**

### **Background**

2. The role of the Council's Internal Audit service is to enhance and protect organisational value by providing independent assurance, advice and insight into the Council's risk management, governance and internal control processes.

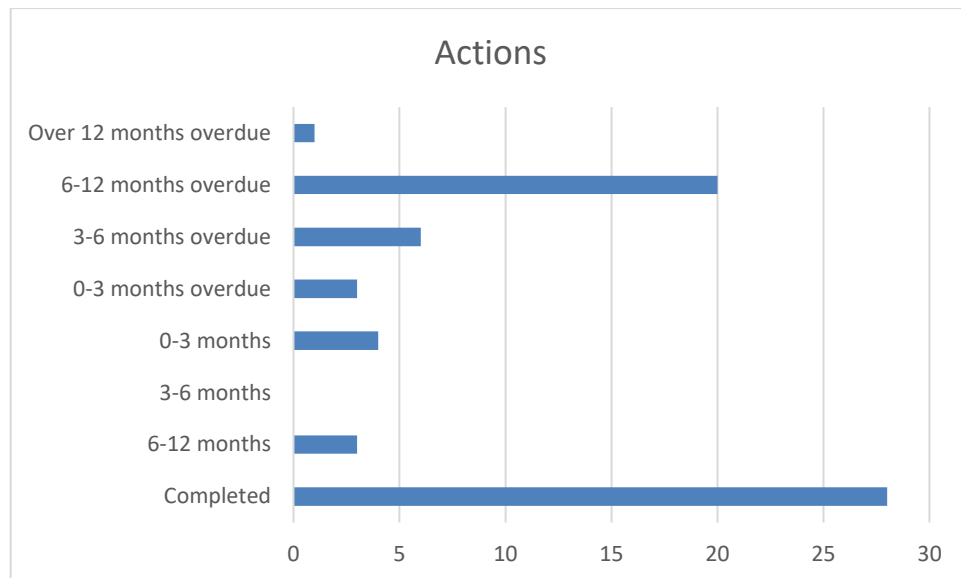
### **Audit and compliance 2020/21 Q1 deliverables and Q2 plan**

3. The first quarter of 2020/21 has provided us with a unique opportunity to develop standards and control frameworks to support our 3-year audit plan and evaluated the risk profile of our schools to ensure comprehensive coverage. We are completing audits carried forward from 2019/20, following up limited assurance audits and investigation requests, have initiated a wide-ranging governance audit and completed grant certifications.
4. Our main audit work in the first quarter relates to the Governance Control Framework. We have agreed terms of reference for Executive Decisions and Meetings, Business Continuity Planning and Delegation Arrangements. The Business Continuity Planning audit would have been carried out later in the year as a follow up to a limited assurance audit but has been escalated in response to the risk level as a result of both the January flood response and the Covid 19 pandemic response. This work will continue during Q2, with regular updates to Senior Leaders and the first stage report will be available by the end of September; follow on work from there will be determined by the stage of the pandemic response.
5. We have fully risk assessed all the Council's schools, utilising intelligence from the Schools Finance Team and Worcestershire Children First. This follows a sustained period of minimal audit engagement with schools. We have identified 5 schools (over and above those due limited assurance reviews) who we will be auditing in the next quarter. Committee should be aware that focussing on schools in this way may lead to an increase in adverse audit.

### Audit actions update

6. Work has continued all year to work with managed to complete audit actions within a reasonable timescale. As part of our ongoing improvements to the audit process we are providing clearer guidance to operational managers about the priority which should be given to resolving actions identified.

7. Actions are tracked and we make regular contact with operational managers to follow up progress. We currently have 10 audits with open actions. The graph below gives analysis of the current situation.



8. Further detail is given in Appendix 1.

### Anti-Fraud and Corruption

9. We have completed our development of the Anti-Fraud and Corruption Strategy (attached as Appendix 2), as presented to Committee in March and ask that Committee approve which will be introduced across the Council in 2020/21 and a training programme rolled out. This is supported by a revised Anti-Money Laundering Policy.

### Advisory services

10. We are undertaking a range of low-level advisory work on a day to day basis. This includes calls from operational staff, schools and project teams.

### Grant certifications

11. Our grant certification work supports the Council in ensuring that money claimed from government agencies is correctly accounted for and we work closely with operational teams to deliver this. 2 grants have been certified as accurate during the first quarter. We have seen an increase in the number of grants which require certification mainly as a result of Covid-related funding and these are included in our plans.

## Staffing

12. Our 2 Principal Auditors have been successful in applications to work at Warwickshire County Council and will be leaving the team by the middle of October. Alongside the vacant Audit and Compliance Manager role this gives an opportunity for a focussed recruitment campaign. We have a very successful interim Audit and Compliance Manager working with us and are investigating other resource options, including the appointment of apprentices to support the work of the team.

## PSIAS assurance

13. All work undertaken by the team complies with PSIAS (Public Sector Internal Audit Standards) requirements. We are working to improve our engagement with the standards by implementing Engagement Standards, training and developing the team and improving our audit approach to ensure coverage provides maximum assurance. We have a PSIAS improvement plan in place and will look to be assessed against the Standards in a formal External Quality Assessment during 2021/22.

## Contact Points

### County Council Contact Points

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### Specific Contact Points for this report

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## Supporting Information

Appendix 1: Audit actions update

Appendix 2: Anti-Fraud and Corruption Strategy

## Background Papers

In the opinion of the proper officer (in this case the Chief Internal Auditor) the following are the background papers relating to the subject matter of this report:

Previous update reports to the Audit and Governance Committee

<https://worcestershire.moderngov.co.uk/ieListMeetings.aspx?CId=135&Year=0>