

AUDIT AND GOVERNANCE COMMITTEE 2 OCTOBER 2020

INTERNAL AUDIT PROGRESS REPORT

Recommendations

- 1. The Chief Internal Auditor recommends that:**
 - a) The Internal Audit progress report be noted; and**
 - b) The Internal Audit work programme for quarter 3 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. This report provides an update on activity for July to September 2020 and the plan for the next quarter.

Audit and compliance 2020/21 Q2 deliverables and Q3 plan

3. We have 10 audits currently underway, including 5 of schools. The Corporate Governance - Covid 19 audit is an overarching thematic piece of work with 3 sub-areas – business continuity, executive decisions and governance meetings. The status of the open audits is given below, with detailed analysis in Appendix 1:

| Audit status | Number |
|---------------------------|---------------|
| Terms of reference issued | 3 |
| Fieldwork | 3 |
| Draft report | 4 |

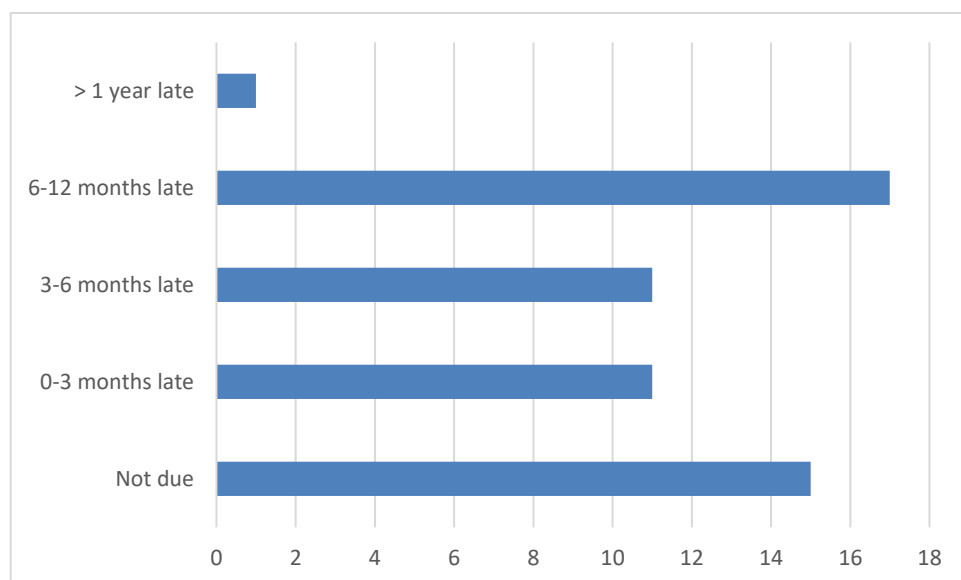
4. We have started a programme of school audits following our risk assessment framework. We have identified 20 schools where audit is required and are arranging the next tranche. These include schools where a Limited audit revisit is required, where it has been more than 5 years since the last audit visit or where there are wider concerns. We have worked closely with Worcester Children First's Schools Inspection team to validate our ratings. We are carrying out regular monitoring of schools' assessment profiles to ensure that these remain accurate. We are also using the same principles to determine a risk assessment framework for discrete establishments, such as libraries, depots and countryside centres.

Audit actions update

5. 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.

6. Actions are tracked and we make regular contact with operational managers to follow up progress. We currently have 16 audits with 55 open actions. The graph below gives analysis of open actions.



7. The action which is over 1 year late relates to the Approval of Development audit and is part of a process improvement activity which is ongoing in the service. We will liaise with the relevant manager to ensure that this process continues. Further detail is given in Appendix 2.

Anti-Fraud and Corruption

8. We have completed 5 pieces of work which have arisen as a result of concerns raised either by employees or members of the public. We have a standard fraud investigation process which enables us to evaluate any concern quickly and determine next steps. In all reported cases the concerns raised have not resulted in the need for a full investigation.

Advisory services

9. 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.

10. We are providing advisory support to the working group managing the Place Partnership exit arrangements.

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. 5 grants, with a value of £8.5 million, have been certified as accurate to date, with 10 further due to be signed off. This work will see

£27.6 million of grant income validated. 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 an 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.

Quarter 3 audit plan

13. Our planned audits for the remainder of the year have been re-assessed due to the impact of the Covid pandemic on both our ability to carry out audits and operational ability to respond. We have adjusted our priorities to support the organisation and provide the necessary review and challenge during a time of significant change and uncertainty.

14. Key work themes for the third quarter are:

- a) School audits – continuing to deliver against the risk assessment framework;
- b) Corporate governance response – next stage Covid response;
- c) Healthy organisation – asset management review;
- d) Grant certification – as required;
- e) Place Partnership contract exit advisory; and
- f) Anti-fraud and corruption responses as required.

Contact Points

Specific Contact Points for this report

Jenni Morris, Chief internal Auditor

Tel: Ext 4405

Email: jmorris4@worcestershire.gov.uk

Michael Hudson, Chief Financial Officer

Tel: Ext 6268

Email: mhudson@worcestershire.gov.uk

Supporting Information

Appendix 1: Open Audits

Appendix 2: Audit actions update

Background Papers

In the opinion of the proper officer (in this case the Chief Internal Auditor) there are no background papers relating to the subject matter of this report.