

AUDIT AND GOVERNANCE COMMITTEE 4 DECEMBER 2020

INTERNAL AUDIT PROGRESS REPORT

Recommendation

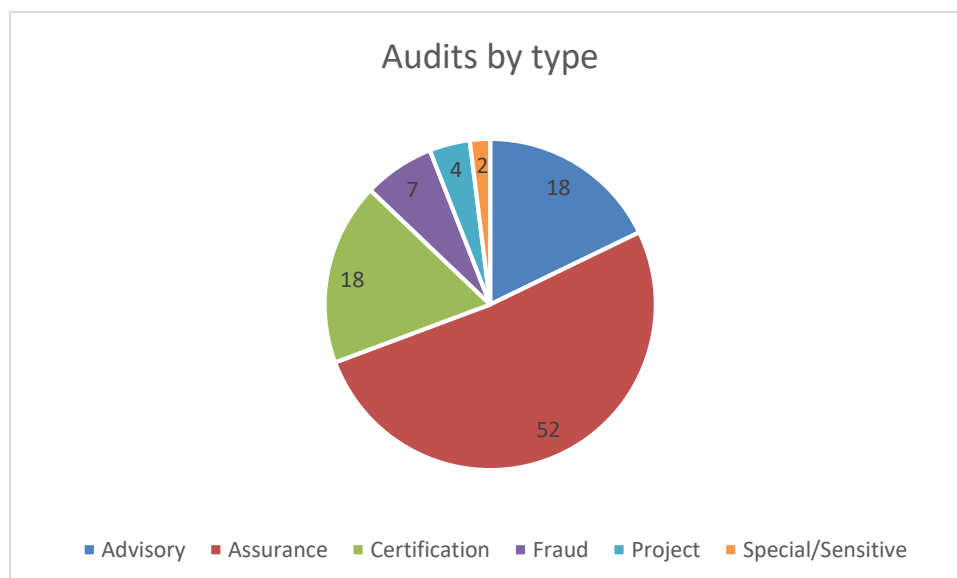
1. **The Chief Internal Auditor recommends that:**
 - a) **Progress to date is noted; and**
 - b) **The focus of the quarter 4 audit plan be approved.**

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, internal control and fraud prevention processes. This report provides an update on activity to November 2020 and the plan for the next quarter.

Audit and compliance 2020/21

3. We have 101 work items in the 2020/21 plan. Detailed analysis is given in Appendix 1.



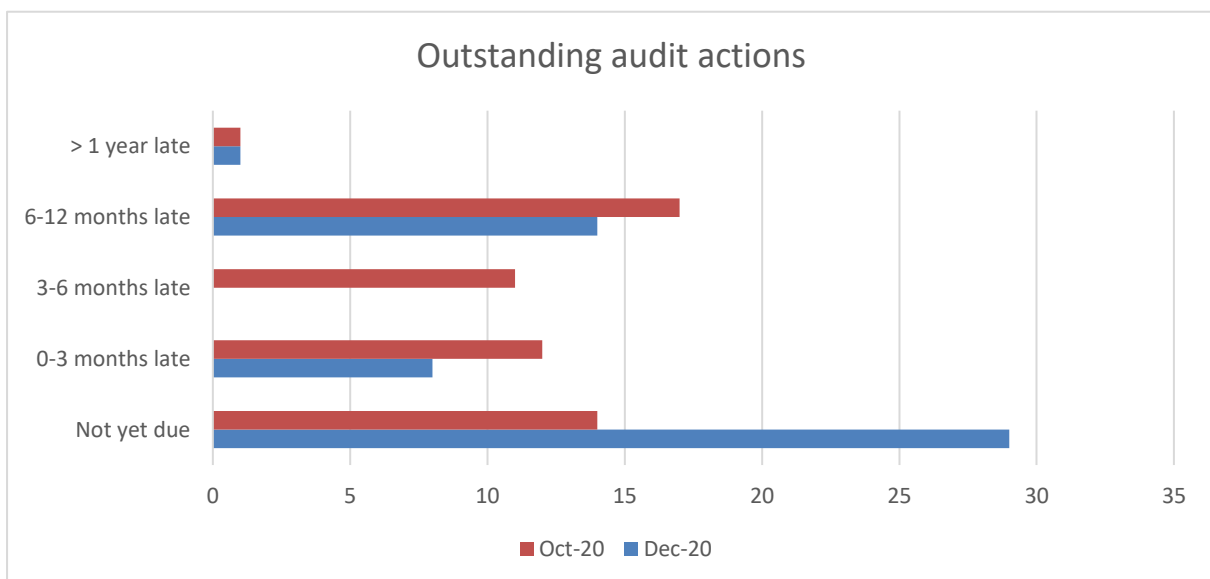
4. We have 18 audits currently underway or completed, including 11 linking to Worcestershire Children First (WCF), with a further 34 planned for the remainder of the year. Detailed analysis is provided in Appendix 1. The WCF audits include schools.

Audit State	Number	WCF
Draft – engagement has not commenced	34	15
Open - ToR issues / engagement in progress)	14	7
Complete – fieldwork finished / report issued	4	4
TOTAL	52	26

5. Of the completed audits, 3 have been given substantial assurance and 1 limited assurance. The limited assurance audit relates to St Egwin’s Middle school, where our work found that the overall control framework is adequate, but the operation of controls is poor. A number of actions have been agreed with the school management team.

Audit actions update

6. Audit actions are tracked and we make regular contact with operational managers to follow up progress. We currently have 16 audits with 52 open actions. The graph below gives analysis of open actions, with the previous reporting period included for comparison.



7. Further detail is given in Appendix 2.

Anti-Fraud and Special Investigations

8. There have been no new fraud investigations raised during the period, although we are currently reviewing procedures with Liberata after standard procedures were bypassed to amend bank account details resulting in a fraudulent transaction.

9. We are currently engaging with the National Fraud Initiative where key data sources are uploaded to a national database and analysed to identify potential fraudulent transactions at local and national levels.

10. We have increased our communications work with activities including regular postings during International Fraud Awareness week, the creation of a staff Yammer group and a newsletter planned for December.

Advisory services

11. Alongside day to day advisory activities we are currently supporting the Place Partnership Exit process, IT website development and our Covid governance response.

Grant certifications

12. 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. 10 grants, with a value of £32.9 million, have been certified as accurate to date, with 6 further due to be signed off. This work will see £5.2 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

13. We continue to hold a few vacancies which are currently filled by interim staff. We are currently recruiting to the roles of Audit and Compliance Manager and 3 Audit Business Partners.

Quarter 4 audit plan

14. Our key work themes for the next quarter are:

- a) Financial management framework audits. Following the controls assessment advisory work, we will be carrying out the following audits:
 - i. Direct payments
 - ii. Capital and business case development
 - iii. Debt management
 - iv. Financial forecasting
 - v. Value for money
- b) IT audits
- c) Corporate governance arrangements relating to Covid19
- d) Asset management
- e) Schools audits

15. Other audit work will be undertaken on a risk basis.

Contact Points

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Supporting Information

Appendix 1: Audit status

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.