

AUDIT AND GOVERNANCE COMMITTEE

12 MARCH 2021

INTERNAL AUDIT PROGRESS REPORT

Recommendations

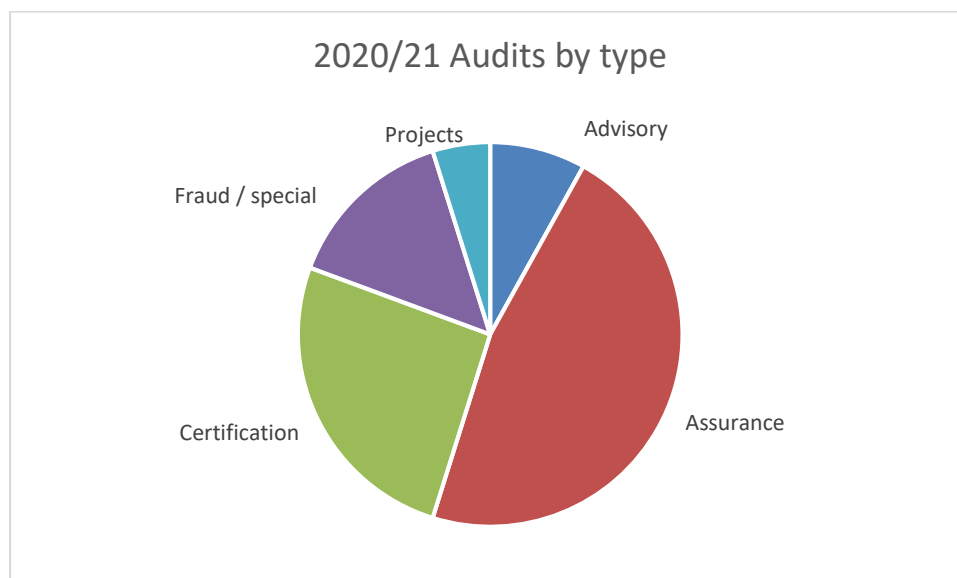
- 1. The Chief Internal Auditor recommends that internal audit progress to date be noted.**

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 February 2021 and the plan for the remainder of the year.

Audit and compliance 2020/21

3. We have 62 work items in the 2020/21 plan; several audits have been moved into 2021/22 in agreement with operational managers. This movement into the new year reflects operational availability, internal audit resource and the continued impact of the pandemic on working arrangements. Detailed analysis is given in Appendix 1.



4. We are planning to have completed 29 assurance audits by the end of the year, with the current state given in the table below. This provides a reasonable spread of activity and will provide sufficient coverage for the provision of a year-end assessment.

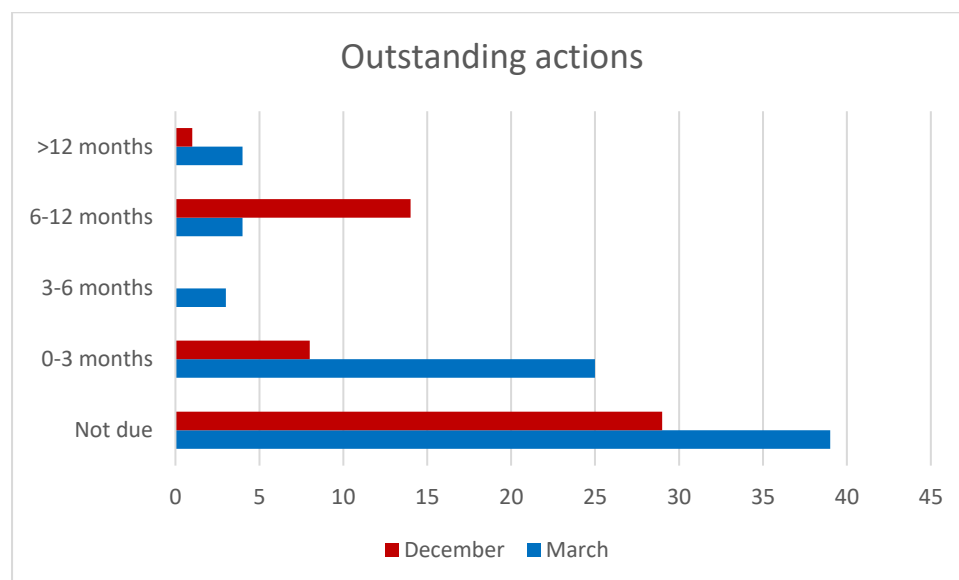
Audit State	Number		
Draft – engagement has not commenced	7		
Open - ToR issues / engagement in progress)	11		
Complete – fieldwork finished / report issued	11	Substantial assurance	8
		Moderate assurance	1
		Limited assurance	2
TOTAL	29		

5. The 7 planned audits are all for schools and we are trialling a self-assessment schools audit process which supports the remote auditing approach by enabling the provision of evidence electronically. Audit staff review and test against this evidence, followed up by meetings and interviews with key staff.

6. A limited assurance rating has been provided to Comberton Primary School. An action plan has been agreed with the school management team.

Audit actions update

7. Audit actions are tracked, and we make regular contact with operational managers to follow up progress. We currently have 20 audits with 75 open actions, 36 of which are overdue. The graph below gives analysis of open actions, with the previous reporting period included for comparison (the December position is the top bar, the position at the end of February the bottom bar).



8. There has been an increase on the December reported position, with 3 more actions now over 12 months overdue. The significantly overdue actions are all related to substantial assurance audits and none of the actions relate to fundamental findings. We continue to work closely operational teams to understand delays in application of findings and to close these actions. Where the actions have been considerably delayed, we are proposing to re-audit if we do not receive assurance that actions will be implemented by the end of the financial year. Further detail is given in Appendix 2.

Anti-Fraud and Special Investigations

9. We continue to receive calls on the fraud hotline. None of the calls have resulted in any further action being required.

10. We are also working with operational managers to identify key data sets which can be analysed on a regular basis to understand and identify activity trends and exceptions which may indicate fraudulent activity. These data sets include, for example, procurement card transactions to analyse spend and supplier activity.

11. As part of our engagement with the National Fraud Initiative key data sources have been uploaded to a national database and analysed to identify potential fraudulent transactions at local and national levels. Potential fraudulent matches have been returned and we are working with operational teams to evaluate matches.

12. We have responded to a consultation from the Cabinet Office, who manage the National Fraud Initiative, to extend the prevention and detection elements of the Initiative. We are supportive of this approach.

Advisory services

13. Alongside day to day advisory activities we are currently supporting the Place Partnership Exit process and IT Digital Strategy.

14. We are also evaluating the current process for Internal Audit engagement with the Council's energy procurement arrangements, as requested by Overview and Scrutiny Performance Board.

Grant certifications

15. 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. 11 grants have been certified as accurate to date, with 5 further due to be signed off (we are waiting for confirmation from the business that all of these will need sign off in this financial year).

Staffing

16. We have successfully recruited 3 Internal Audit Business Partners who will all be in post by early April. The new starters provide a range of experience from public sector, external audit, and the private sector.

17. Unfortunately, the applicant appointed to the Audit and Compliance Manager has withdrawn his acceptance as he has taken another role. He was not due to start with us until June, so we have time to consider options.

Audit plan to the end of the year

18. Our focus over the remainder of the year will be completing the audits currently underway.

Contact Points

Specific Contact Points for this report

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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.