

AUDIT AND GOVERNANCE COMMITTEE 24 SEPTEMBER 2021

INTERNAL AUDIT PROGRESS REPORT

Recommendations

- 1. The Chief Internal Auditor recommends that the Internal Audit progress report 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, and internal control processes.

Audit and compliance 2021/22 Q1/Q2 deliverables and Q3/Q4 plan

3. Progress as at the end of September 2021 is shown in Appendix 1, including planned audits for the remainder of the year.
4. During the Covid-19 pandemic, school audits were undertaken remotely by a self-assessment work programme which was completed by the school staff and then reviewed by Internal Audit with follow up questions and online meetings as required. The schools work programme has been revised now restrictions are being lifted with the aim of resuming on-site visits (where feasible and in line with current restrictions).
5. The schools audit work programme now includes two initial questionnaires which will be sent to the Head Teacher and the Chair of Governors in advance of the full audit. This will give the audit team information to address any immediate concerns.
6. Progress against the non-school elements of the audit programme has been delayed by the volume of grant certifications. We are continually reviewing the audit programme with service managers and are confident that we will be able to deliver sufficient assurance coverage in the remainder of the year.

Audit actions update

7. Audit actions are tracked, and we make regular contact with operational manager to follow up progress. For actions relating to limited assurance audits where a follow up audit is planned, actions are transferred to the new audit. This applies to the following four audits which are listed in Appendix 2:

- Capital and Business Case Development
- Debt management

- Long term agency and consultancy placements
- Governor support and training - thematic review: For completeness this audit has been included in this quarter's report. From 1 September, Liberata Schools Finance and HR were TUPE'd to Worcestershire Children's First and will be reported as part of their audit plan update.

Anti-Fraud and Corruption

8. There have been 8 cases of fraud reported to the team in the last 6 months. 2 cases resulted in special investigations with subsequent advisory reports, however no fraud was identified. A further 3 cases have received advice on strengthening their fraud controls. 3 cases remain open; these are to support HR and a referral to Action Fraud. The increasing engagement has encouraged wider team members to contact the team to seek fraud advice which will help to prevent cases in the future.

9. The Council continues to engage with the National Fraud Initiative programme, providing key data sets to the Cabinet Office to enable matches to be identified and investigated. The 2020/21 review is well underway, with all Blue Badge data reviewed with no issue. Over 70% of pensions queries have been completed, and significant progress has been made in developing key standards to assist in future reviews.

10. A significant increase in engagement with staff on fraud awareness has been undertaken via the online platform Yammer. Membership of the Fraud Awareness Group is up to 143, however information is visible to employees without membership and in some cases viewer numbers exceed 1,000.

11. The team is supporting the development of an online Midlands Fraud Group with a platform to share best practice, obtain advice and liaise on areas of regional concern.

Advisory services

12. In quarter two Internal Audit have not been informed or become aware of any areas within the Council that require our advisory services.

Grant certifications

13. 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. 6 grants with a total value of £4.2m have been certified as accurate to date. We are currently auditing 7 grants with an income value to the Council of £28.9m. We continue to see increases in the number of grants which require certification and are working closely with service areas to ensure adequate planning and quality of evidence provision. Details of certifications are given in Appendix 1.

Staffing

14. As part of the Financial Services Apprentice Placement Scheme the two apprentices that joined the Internal Audit team in April will be moving onto other Finance areas of the Council on 4 October and the team will be joined by two apprentices as part of the rotation programme.

15. We currently have a vacancy following the promotion of one of our Audit Business Partners to the role of Audit and Compliance Manager and are considering our recruitment options to enable the audit plan to be delivered.

16. The team continues working with the HR Organisational Development team on the team development training programme. This programme supports individual and team development and will continue for the remainder of the year.

Contact Points

Specific Contact Points for this report

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Supporting Information

Appendix 1: Audit and grant certification report

Appendix 2: Audit actions

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.