

AUDIT AND GOVERNANCE COMMITTEE

3 DECEMBER 2021

INTERNAL AUDIT PROGRESS REPORT

Recommendations

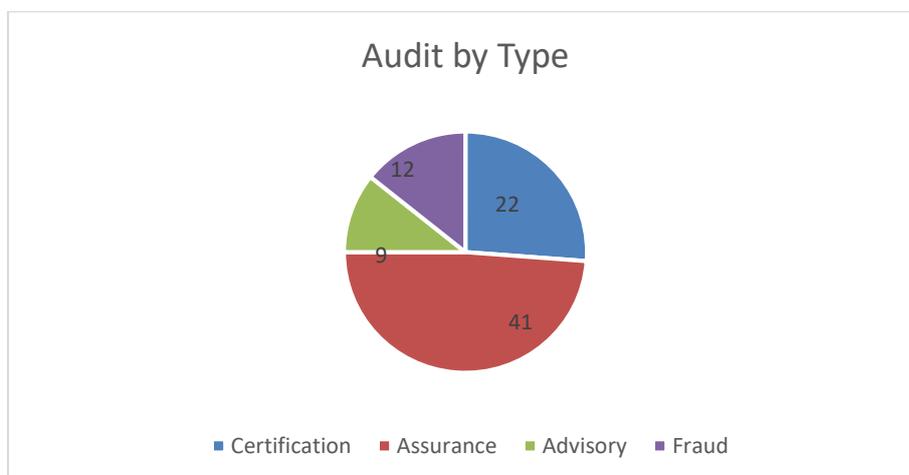
- 1. The Chief Internal Auditor recommends that the Internal Audit progress report be noted.**

Background

- 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 is an update on the progress against the Audit Plan approved in March 2021 at Audit and Governance Committee, and this is the second year of a three-year programme.

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

- Progress as at the end of November 2021 is shown in Appendix 1, including planned audits for the remainder of the year.
- In total the audit plan includes 84 work items. The pie chart below shows the split between audit, advisory, fraud and certification.



- We have 14 assurance and advisory audits currently underway or completed with a further 36 planned for the remainder of the year.

Audit State for assurance and advisory audits	Number
Draft – engagement has not commenced	36
Open - ToR issues / engagement in progress)	9
Complete – fieldwork finished / report issued	5
TOTAL	50

Grant certifications

7. 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. 9 grants with a total value of £31.5m have been certified as accurate to date. We are currently auditing 6 grants with an income value to the Council of £43.8m. Details of certifications are given in Appendix 1. Due to the volume of grant certifications, and some delays to either notification that certification is required or the provision of evidence, we are working with the Council to identify a planned approach to their certification.

Anti-Fraud and Corruption

8. We continue to receive fraud and irregularity reports via the hotline and internal staff reporting. The table below gives an overview of the cases so far this year, including the key theme areas. Of the 12 cases, 2 have resulted in fraud referrals to the police.

	Details	Outcome	Theme
1	Staff data access	Training need identified	Policy application
2	Procurement challenge	Investigation undertaken; no further action required	Procurement policies
3	Public complaint	Enquiry confirmed contact valid; no further action	Communications
4	Staff absence	Referred to payroll provider	Employment policies
5	Procurement card use	Investigation undertaken; action taken to clarify transactions and refund received	Procurement policies
6	Adult social care – client charging	Historical allegation; insufficient evidence for further action	Client charging
7	NFI match – employee with multiple jobs	HR investigation; employee resignation	Employment policies

8	Supplier details – change to bank details	Investigation undertaken; monies refunded; referred for police investigation	Fraud
9	Supplier concerns (other Local Authority)	Referral to contract manager	Contract management
10	Direct payment carer	Investigation undertaken; referral to Action Fraud and Police	Fraud
11	Employee with multiple employments	Ongoing	Declaration of interest
12	Supplier selection	Ongoing	Procurement / Declarations of interest

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 underway, with all Blue Badge data reviewed with no issue. Over 70% of Pensions queries have been completed resulting in £860 being recovered. 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. Alongside this an Anti-Fraud mandatory training module is included in the quarter 3 employee training programme.

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. Advisory work includes developing revised Financial Regulations and supporting the Constitutional review currently being led by the Assistant Director for Legal and Democratic Services. The Chief Internal Auditor is a member of the Financial Improvement Programme Board, providing support and challenge to the procure to pay, income to debt, and financial systems upgrade.

Audit actions update

13. Audit actions are tracked, and we make regular contact with operational managers 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
- HR Mileage and expenses

14. It is pleasing to note that actions in some areas have been closed before the audit is completed due to collaboration between the Internal Audit Team and colleagues being audited.

Key themes

15. Across the range of work undertaken to date we have identified continuing issues with Council policy and procedures. Issues include policies which require updating and those which need to be more effectively embedded. As issues are identified in specific areas these are brought to the attention of the relevant operational managers through audit report or fraud investigation findings. We are also highlighting the issue with the Chief Officers' Group to encourage more proactive updates to be undertaken.

Staffing

16. Following a structure review, we have recruited an Audit Assistant who had previously been in Internal Audit as part of the Financial Services apprentice programme. She will continue to undertake the Association of Accounting Technician qualification.

17. 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.