

AUDIT AND GOVERNANCE COMMITTEE

30 NOVEMBER 2022

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 overall risk management, governance, anti-fraud and corruption and internal control processes.

Audit and compliance 2022/23 deliverables and plan

3. Planned audits for the remainder of the financial year and progress against the 2022/2023 audit plan continues and is shown in detail at Appendix 1. The dashboard below provides an overview including the status of reviews.

Status	Quarter	Quarter	Quarter
	1	2	3 to date
Grants Certified	2	5	8
Grants - Start Fieldwork		2	1
Audit - End Audit		3	3
Audit - Responses received			1
Audit - Draft report issued			1
Audit - End Fieldwork	2	2	2
Audit - Start Fieldwork	6	2	6
Audit - Terms of Reference Agreed		2	
	<u>10</u>	<u>16</u>	<u>22</u>

The figures are compounded (i.e. 22 audit reviews have been started so far this year) and are broken down into quarters to show the deliverables as the year progresses.

Audit actions update

4. We are working closely with operational service managers to ensure that actions are undertaken. For actions relating to limited assurance audits where a follow up audit is planned, actions are transferred to the new audit.

5. For School's where outstanding actions have reached 3-6 months there is agreement with the Schools Support Forum that a Letter of Concern will be issued. Where there remains an inaction a 2nd Letter of Concern will be issued addressed to the Chair of Governors.

6. Due to two Schools not responding in full to the first Letter of Concern we are in the process of liaising with the Schools Support Forum to issue a second Letter of Concern to the two Schools.

Schools Auditing Process

7. We are undertaking a risk assessment of the maintained Schools to determine which schools are to be included in the audit plan for the year. We are considering the budget of the school, procurement card expenditure, number of transactions, staff turnover and how long ago the school was last audited. To each element we apply a score which gives an overall risk score. After moderation for the 15 schools with the highest risk score we have spoken to Schools Improvement and School's Finance to provide further information to further inform our judgement on which Schools should be prioritised.

8. For School's audits we have a School's work programme which covers testing on financial controls including procurement, policies and procedures. To gather the relevant evidence, we make personal visits to the school during the audit.

Anti-Fraud and Corruption

9. The National Fraud Initiative (NFI) is a data matching exercise within and between public and private sector bodies to help prevent and detect fraudulent activity. The deadline for submission for the 202/23 exercise was the 18th November 2022. The Council has submitted all the required reports to the NFI team. The results of the process highlighting any matches will be sent to the Council in January 2023 for investigation.

10. Since the last committee we have received 8 notifications/inquiries regarding potentially fraudulent activity that have necessitated further inquiries.

- 4 are now closed after confirming no fraudulent activities.
- 4 cases remain open and under investigation while the appropriate inquiries and liaison is made with the relevant parties.

Advisory services

11. There has been no advisory work undertaken since our last report

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. 8 grants have been certified as accurate to date. Details of certifications are given in Appendix 1.

13. Disabled Facilities Grant (DFG): The team are continuing to progress the audit of DFG but there is a delay in obtaining certain requirements of information from a number of District Councils.

Staffing

14. Currently the Audit and Compliance Manager is overseeing the day-to-day operational aspects of the Internal Audit service with support from the Chief Internal Auditor (CIA) of the Worcestershire Internal Audit Shared Services (WIASS). This arrangement is set to continue until at least the end of the financial year.

15. The team have had two members of staff leave in the past month, one at PO3 grade and the other at Scale 6 grade. We are currently recruiting on a temporary basis through an agency.

16. The team continues to develop, and we have a healthy mix of qualified staff and those undertaking training. All staff have regular performance reviews in line with the Council framework, undertake all mandatory training and have regular 1 to 1 sessions.

17. A review has been ongoing to assess the option to pursue a partnership agreement with WIASS that would form a cross public sector Internal Audit team in Worcestershire (local government, fire and police). As part of awaiting this review and business case it was decided by the CFO to not recruit to the vacant CIA role and instead seek support from the WIASS CIA. Unfortunately, it has recently become apparent due to differences in terms and conditions across the County and proposed partners, that as part of that assessment the option of a shared service including the County Council will not be capable of being implemented. As such this option has now fallen away.

18. Instead it has now been decided to undertake a recruitment for a Worcestershire County Council CIA under the existing job description, and an advert will go out shortly.

Contact Points

Specific Contact Points for this report

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Supporting Information

Appendix 1 Audit status

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.