

AUDIT AND GOVERNANCE COMMITTEE

8 MARCH 2024

INTERNAL AUDIT PROGRESS REPORT

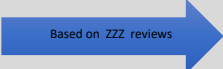
Recommendations

1. The Chief Internal Auditor recommends that the Internal Audit progress report be agreed.

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.

2023/24 Overall Opinion to Date

	Full assurance	The system of internal control meets the Council's objectives. All the expected system controls tested are in place and are operating effectively.
	Substantial assurance	There is a generally sound system of internal control in place designed to meet the Council's objectives. Weaknesses in the design of controls or inconsistent application of controls in a small number or low risk areas put the achievement of a limited number of system objectives at risk. The resulting risk is not significant.
	Moderate assurance	The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively, increasing the risk that the system does not meet the Council's objectives. The resulting risk may be significant.
	Limited assurance	Weaknesses in the design and / or inconsistent application of controls puts the achievement of the Council's objectives at risk in many of the areas reviewed. The resulting risk is significant.

Performance - Year to Date	Number	%
Completed Reviews	14	52
Draft Report stage	4	15
Field Work stage	8	29
Scoping stage	1	4
To commence	0	0
Overall Plan Coverage	27	100

Assurance	
Grant Certification	5
Full	0
Substantive	0
Moderate	8
Limited	1
Total	14

Reviews Finalised – year to date:

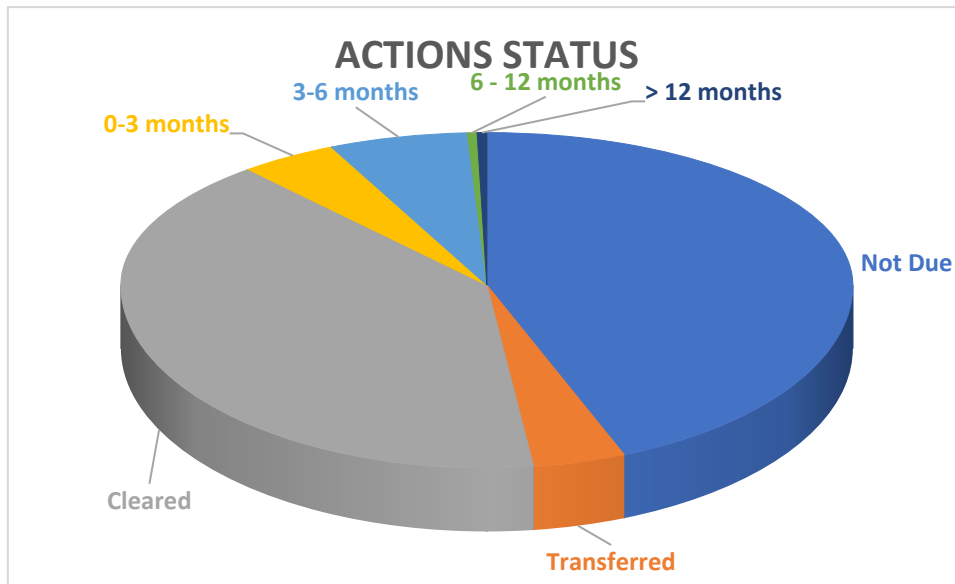
3. Below is a list of all the finalised reviews to date during 2023/24. Progress against the 2023/24 audit plan is shown in Appendix 1, including the status of reviews for the remainder of quarter 4. During 2024/25 the table currently shown in Appendix 1 will be replaced with the audit plan in its entirety with the table below showing the extracted cumulative progress of the plan on a quarterly basis.

Review Title	Date Finalised	Assurance Level	Actions Reported		
			Fundamental	Significant	Merits Attention
2023/24-18 - Midland Net Zero Hub	16/05/2023	Certified	N/A	N/A	N/A
2023/24-19 - Transport Grant £200,000	25/05/2023	Certified	N/A	N/A	N/A
2023/24-10 - Worcester Business Central Growth Hub	31/05/2023	Certified	N/A	N/A	N/A
2023/24-01 - Franche Community Primary School	01/09/2023	Moderate	1	2	2
2023/24-20 - Aston Fields Middle School	19/09/2023	Moderate	0	5	2
2023/24-27 - Capital Transport Grant	28/09/2023	Certified	N/A	N/A	N/A
2023/24-09 - Bus Subsidy (Revenue) Grant	11/10/2023	Certified	N/A	N/A	N/A
2023/24-03 - Cleeve Prior C of E Primary School	17/10/2023	Moderate	0	4	7
2023/24-02 - Blackminster Middle School	18/10/2023	Limited	2	10	4
2023/24-34 - St Anne's CE	13/12/2024	Moderate	1	8	9
2023/24-06 - Malvern Wells C of E Primary School	18/12/2023	Moderate	0	9	2
2023/24-32 - The Forge School Secondary Short Stay School	23/01/2024	Moderate	1	4	6
2023/24-21 - Pension Administration - controls	07/02/2024	Moderate	0	2	2
2023/24-33 - Evesham Nursery School	09/02/2024	Moderate	2	6	8

4. Reasonable progress has continued during quarter 4 with several reviews now close to completion with a draft report being issued or most of the review work completed as 'field work' is complete. The outcome of these reviews will be reported in due course on completion. 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. 5 grants have been certified as accurate during the financial year to date. Details of certifications are shown above and in Appendix 1.

Management Actions Summary – All Reviews (See appendix 2 for details):

5. 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. A detailed summary of audit report actions is included in Appendix 2.



Actions Exceeding Implementation Date Greater than 6 months:

6. Westacre Middle School - Bank Mandate: The finding was in respect of the school being unable to locate their bank mandate for the school fund therefore, it could not be confirmed that the bank mandate is up to date and only includes authorised signatories. A new School Business Manager has recently been appointed who has confirmed that the school will action this finding and ensure the school fund bank mandate is updated to include authorised signatories.

7. Asset Management - Net Zero Carbon Plan: The finding was in respect of the Net Zero Carbon plan needing to be updated and approved by Cabinet. The date of the Net Zero Carbon Plan being taken to Cabinet has been pushed back but it is expected to be taken to the 28/03/2024 Cabinet meeting.

2023/24 Plan Adjustments – Additions/Withdrawals/Deferrals

8. The table below provides an overview of recent changes in relation to the 2023/24 audit plan and the reason for adjustment.

Change	Action/ Time Frame	Reason & Impact
1x School Review	Removed	10 schools have been audited in 2023/2024 which is approximately 10% of the number of maintained schools within the County. This has provided sufficient coverage for this area of Council expenditure and other areas of the Council were deemed of higher risk for review.
Review of Transport	Deferred to 2024/2025	On review of the Internal Audit work for 2024/2025 the Internal Audit team will complete four significant pieces of work within the Economy and Infrastructure Directorate which will incorporate transport.

Business Continuity	Additional Q4	This audit has been absorbed into the current workload. Business Continuity is important in any organisation, this audit is to review the Council's policies and procedures to maintain it's critical functions in times of emergencies/unexpected disruptions.
Public Health: Review of Expenditure	Additional Q4	This audit has been absorbed into the current workload. Internal Audit have not recently completed any reviews in the Public Health directorate therefore a review of Public Health expenditure is required.
Contract Disputes	Additional Q4	This audit has been absorbed into the current workload. The Council is party to many contracts, this audit is to review process behind contract disputes.

National Fraud Initiative 2022/24 Cycle

9. The table below shows the key National Fraud Initiative (NFI) reports, the total number of matches, the number of matches which are considered medium, high and very high matches by the NFI, and the number of these matches which have been processed. As can be seen from the data, good progress has been made regarding the processing of the key matches with 99.7% of the investigations complete.

Key report	Total matches	Total of medium, high and very high matches	Total of medium, high and very high matches processed
Pension/Pension Gratuity to DWP Deceased	135	135	134
Pension to Payroll	139	30	30
Payroll to Payroll	20	14	14
Payroll to Creditors	22	0	0
Payroll to Creditors	88	0	0
Blue Badge Parking Permit to DWP Deceased	1013	1013	1011
Duplicate Amount by amount and creditor reference	5034	0	0
Duplicate records by name, invoice number and amount but different creditor reference	22	0	0
Duplicate records by invoice number and amount but different creditor reference and name	253	0	0
Duplicate records by postcode, invoice date and amount but different creditor reference and invoice number	53	0	0
Duplicate records by postcode, invoice amount but difference creditor reference and invoice number and date	82	0	0
Procurement - Payroll to Companies House (Director)	62	0	0
Procurement - Payroll to Companies House (Director)	107	0	0
	7030	1192	1189

Anti-Fraud and Corruption

10. We are currently undertaking an investigation from information received, the outcome of which will be reported on completion. This work has taken priority over routine review work due to its nature. The overall impact of the additional investigatory work on the 2023/24 Audit Plan will be minimal.

Advisory Services.

11. Quarter 4 has seen further requests for advice from within the Council regarding best practice, policy and procedure.







Resource.

12. The Service is in the process of transition, and this will be reflected over the next 12 to 18 months. The Service focus, process and methodology will see change. The team currently has a full establishment of 8 full time equivalent staff, but this is set to reduce on the 31 March 2024 with the loss of a Finance Business Partner post as part of the Corporate savings. This will have a direct impact on the 2024/25 delivery as there will be reduced resource available.

13. The team continues to develop, and we continue to 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 a 1 to 1 session.

Corporate Health and Summary Progress Since Previous Committee

(RAG Rated where Red = Attention required, Yellow = OK, but monitor & Green = On track/for information)

Significant Risks		<i>Risks have been identified in the corporate risk register.</i>	Corporate Health
Limited Assurance Reviews		<i>Blackminster School: All findings have been accepted by the school and management have responded with comments on how the findings will be implemented.</i>	Corporate Health
Actions Implementation		<i>87% of the open actions are either not due, been cleared or transferred to the follow up audit.</i>	Corporate Health
Plan Progress (Appendix 1)		<i>2023/2024 plan is progressing well with audits on track to finish by the end of the financial year.</i>	Internal Audit
Plan Delivery (Appendix 1)		<i>In quarter 4 there has been no requirement to realign the Internal Audit Plan.</i>	Internal Audit
Added Value		<ul style="list-style-type: none"> - Review of policies and procedures when requested to enhance governance within WCC and WCF. - Responding to queries from schools and service areas as and when they are received. - Enhanced governance from implemented recommendations. 	Internal Audit

Summary.

14. In summary, there has been no change to the overall assurance opinion. Good progress continues to be made on the plan and most of the high risk NFI matches have been investigated. There remain some actions that are well over their implementation dates in certain areas, but the number remains stable.

Contact Points

Specific Contact Points for this report

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Supporting Information

Appendix 1: Audit Status

Appendix 2: Action Status

Background Papers

In the opinion of the proper officer (in this case the Chief Internal Auditor) the following are the background papers relating to the subject matter of this report:

Previous update reports to the Audit and Governance Committee

Appendix 1: Audit Status

Audit	Type	Current Milestone	Rating
2023/24-02 - Blackminster Middle School	Assurance	End Audit	Limited Assurance
2023/24-01 - Franche Community Primary School	Assurance	End Audit	Moderate Assurance
2023/24-03 - Cleeve Prior C of E Primary School	Assurance	End Audit	Moderate Assurance
2023/24-06 - Malvern Wells C of E Primary School	Assurance	End Audit	Moderate Assurance
2023/24-20 - Aston Fields Middle School	Assurance	End Audit	Moderate Assurance
2023/24-21 - Pension Administration - controls	Assurance	End Audit	Moderate Assurance
2023/24-32 - The Forge School Secondary Short Stay School	Assurance	End Audit	Moderate Assurance
2023/24-33 - Evesham Nursery School	Assurance	End Audit	Moderate Assurance
2023/24-34 - St Anne's CE	Assurance	End Audit	Moderate Assurance
2023/24-09 - Bus Subsidy (Revenue) Grant	Certification	End Audit	Certified
2023/24-10 - Worcester Business Central Growth Hub	Certification	End Audit	Certified
2023/24-18 - Midland Net Zero Hub	Certification	End Audit	Certified
2023/24-19 - Transport Grant £200,000	Certification	End Audit	Certified
2023/24-27 - Capital Transport Grant	Certification	End Audit	Certified
2023/24-04 - St Joseph's Catholic Primary School	Assurance	Responses Received	Not assessed
2023/24-12 - Procurement Cards - Residential Units	Assurance	Issue Draft Report	Not assessed
2023/24-14 - Sickness Absence	Assurance	Issue Draft Report	Not assessed
2023/24-38 - Pension Investments	Assurance	Issue Draft Report	Not assessed
2023/24-41 - Business Continuity	Assurance	End Fieldwork	Not assessed
2023/24-24 - IT Inventory process	Assurance	End Fieldwork	Not assessed
2023/24-26 - Legacy Systems	Assurance	End Fieldwork	Not assessed
2023/24-23 - Integrated Equipment Store	Assurance	Start Field Work	Not assessed
2023/24-25 - Information Governance	Assurance	Start Field Work	Not assessed
2023/24-39 - Capital Board	Assurance	Start Field Work	Not assessed
2023/24-42 - Red Hill C of E Primary School	Assurance	Start Field Work	Not assessed
2023/24-47 - Public Health: Review of Expenditure	Assurance	Start Field Work	Not assessed
2023/24-48 - Contract Disputes	Assurance	Work Commenced	Not assessed

Appendix 2: Action Status

	Not Due	Transferred	Cleared	0-3 months	3-6 months	6-12 months	>12 months
Substantive Assurance Audits							
2021/22-71 - Contract review - Ringway	1		3				
Moderate Assurance Audits							
2020/21-50 - PY - Asset management - Property			8				1
2021/22-06 - Employee starter process	4		2		2		
2021/22-56 - Employee leaver process	2		2				
2022/23-27 - Office of the Public Guardian Inspection for Appointees and Deputies	11						
2022/23-33 - Westacre Middle			5			1	
2022/23-35 - Elmley Castle School			6		2		
2022/23-37 - Batchley First School			5		2		
2023/24-01 - Franche Community Primary School	1		2		2		
2023/24-03 - Cleeve Prior C of E Primary School			4	1	6		
2023/24-06 - Malvern Wells C of E Primary School	2		7	2			
2023/24-21 - Pension Administration - controls	4						
2023/24-32 - The Forge School Secondary Short Stay School	11						
2023/24-33 - Evesham Nursery School	16						
2023/24-34 - St Anne's CE	12		6				
Limited Assurance Audits							
2020/21-42 - Debt management	15						
2021/22-05 - Insourced services	1						
2021/22-75 - Redhill Primary School		8	1				
2022/23-07 - Shrub Hill Governance	1		6				
2022/23-26 - Dodford First School			14	1			
2023/24-02 - Blackminster Middle School	5		6	5			
	86	8	77	9	14	1	1