



Report to: Audit and Governance Committee, 23rd November 2020

**Report of: Head of Internal Audit Shared Service, Worcestershire
Internal Audit Shared Service**

Subject: INTERNAL AUDIT PROGRESS REPORT FOR 2020/21

1. Recommendation

1.1 That the Committee note the report.

2. Background

2.1 To provide an update on Internal Audit's progress towards meeting its objectives as set out in the audit plan for 2020/21.

2.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to "maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control".

3. Summary of Activity:

3.1 An Auditor has been directly assisting with the processing of the discretionary business grants during July and August to ensure the grants have been processed in a timely manner. Audit services have also been involved with the post-assessment and identification of potential fraudulent claims for business grants issued.

3.2 A rolling testing programme on Debtors and Creditors has been running from Q1 to Q3 inclusive and the results will be reported in Q4 for 2020/21. Other core financial areas are also undergoing a rolling review including Payroll and Treasury Management. The rolling testing programme results for all of these reviews will be amalgamated as at the end of quarter 3 and formal audit reports issued during quarter 4.

3.3 Property Investment has been finalised since the last sitting of the Committee and the report is contained in Appendix 3.

3.4 Follow Up reports that have been finalised since the last Committee sitting are reported in Appendix 4.

3.5 2020/21 Internal Audit Plan

3.6 Audits that have progressed to finalised or draft report stage since the last sitting of the committee include:

- Property Investment (Finalised)
- Car Parking (Draft Report)

3.7 Audits progressing through the clearance stage includes:

- ICT

3.8 Audits progressing through planning or testing stage at the end of October included:

- GDPR
- Main Ledger
- Debtors
- Creditors
- Treasury Management
- Payroll
- Council Tax
- NNDR
- Benefits

3.9 As work on the audits indicated above is classed as on-going or awaiting a management response a final 'Assurance' level will be assigned on completion along with the appropriate report reported to the next available Committee.

3.10 **Disabled Facilities Grants**

3.11 A review was undertaken on behalf of Worcestershire County Council colleagues to allow for an audited return to be submitted by them prior to a 31st October 2020 deadline. Using the testing sample results the overall assurance that was given by the Head of the Worcestershire Internal Audit Shared Service was; "I can confirm to the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects based on the samples and testing matrix provided by County Auditors, the conditions attached to the Disabled Facilities Capital Grant Determination (2019-20) No [31/3170] have been complied with". This assurance was provided to County on the 26th October 2020.

3.12 The 2020/21 plan reflects the delayed start and certain lesser risk reviews will need to be rolled to next years plan. Priority continues to be given to potentially higher risk areas e.g. limited assurance audits. As we return to the new normal the impact of restrictions of the COVID-19 lockdown on the plan will be closely managed as the year progresses. The plan for 2020/21 has remained very flexible and the core financial areas of the business are currently being reviewed and reported on. With progress set to continue there is sufficient coverage for the Head of Internal Audit to provide an overall opinion. Committee will continue to be regularly informed of developments throughout the year and any variations to the plan will be overseen by the s151 Officer and Corporate Director of Finance and Resources. One such variation is in regard to the 'Other Systems Audits' budget.

The contingency budget was used to allow Auditors to assist with other service area priority demands i.e. bereavement services and economic development COVID-19 business grants during Q1 and into Q2. This has resulted in an excessive use of this budget (Appendix 1) which will be realigned during Q4 resulting in certain reviews being rolled into the 2021/22 plan to balance resource allocation.

- 3.13 Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made in regard to the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. In order to assist the service area to move forward a number of challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme.
- 3.14 Audit are now considering any new processes emerging from the extraordinary working arrangements that have been necessary to continue to provide the Worcester residents with services both now and throughout the pandemic. Plan flexibility will be required to include and provide assurance on these emerging areas.

4. National Fraud Initiative (NFI)

- 4.1 NFI data set uploads have been ongoing from the beginning of October for Worcester City Council in regard to the 2020/21 NFI national exercise. Data set uploading will continue until December 2020. Reasonable progress has been made to date and there is an expectation that all data sets will be uploaded by the deadline. WIASS will continue to provide advice and assistance in regard to the process.

5. Follow-Up Audits

- 5.1 Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans. The outcomes of the follow up reviews are reported in full at Appendix 4 so the general direction of travel and the risk exposure can be considered by Committee. Any material exceptions arising from audit 'follow up' will be brought to the attention of the Audit Committee. There are no material exceptions to report at this time.

6. Risk Management

- 6.1 Embedding the revised risk process continues and Committee will be appraised of the key risk areas on a regular basis. The Pentana system continues to be developed and is used to capture and report on risk. Regular reporting has been established in regards to risk information with updates being brought before this Committee as well as being presented before the Policy and Resources Committee.

7. Quality Assurance Improvement Plan

7.1 WIASS delivers the audit programme in conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) as published by the Institute of Internal Auditors. A self assessment took place in August 2020 to identify potential areas for improvement and a programme of improvement was agreed before the Client Officer Group in September 2020. The outcome is reported for information at Appendix 5.

8. Appendices

8.1 Appendix 1 shows the progress that has been made since 1st April 2020 to the 31st October 2020 towards delivering the Internal Audit Plan set for the year. As at 31st October 2020 a total of 230 days had been delivered against a forecasted target of 327 days for 2020/21.

8.2 Appendix 2 shows the performance indicators for the service based on the original plan.

8.3 Appendix 3 provides the finalised audit reports.

8.4 Appendix 4 provides the Committee with the 'Follow Up' audit report confirming recommendation implementation progress by management and identifying any exceptions.

8.5 Appendix 5 provides the Quality Assurance Improvement Plan overview and is reported to Audit Committee for information.

Ward(s):

N/A

Contact Officer:

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Background Papers:

None

APPENDIX 1

Delivery against Internal Audit Plan for 2020/21 as at 31st October 2020

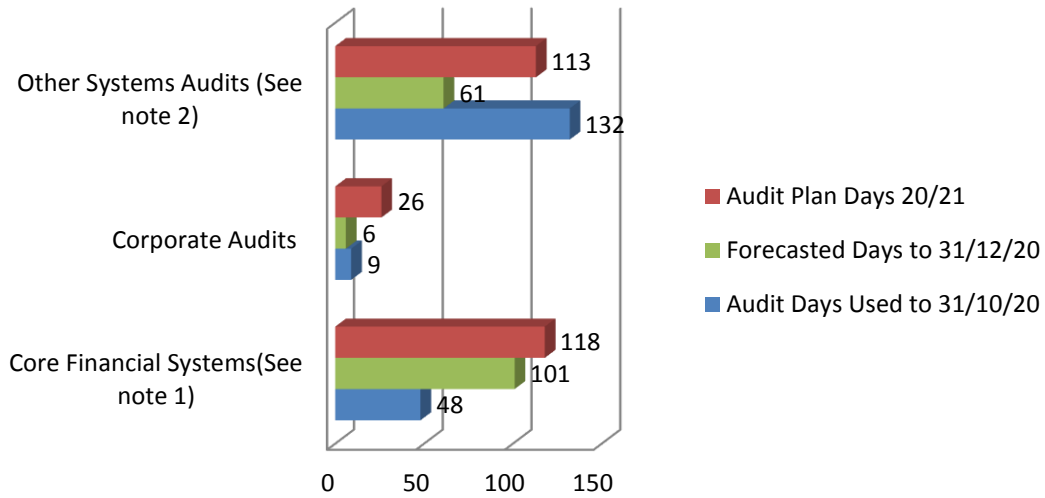
Audit Area	Original 2020/21 Plan Days	Original Forecasted days to the 31/12/20	AUDIT DAYS USED TO 31/10/20
Core Financial Systems (See note 1)	118	101	48
Corporate Audits	26	6	9
Other Systems Audits (See note 2)	113	61	132
Sub Total	257	168	189
Audit Management Meetings	30	22	19
Corporate Meetings / Reading	20	15	16
Annual Plans, Reports and Audit Committee support	20	15	6
Other chargeable			
Sub Total	70	52	41
Total	327	220	230

Audit days used are rounded to the nearest whole.

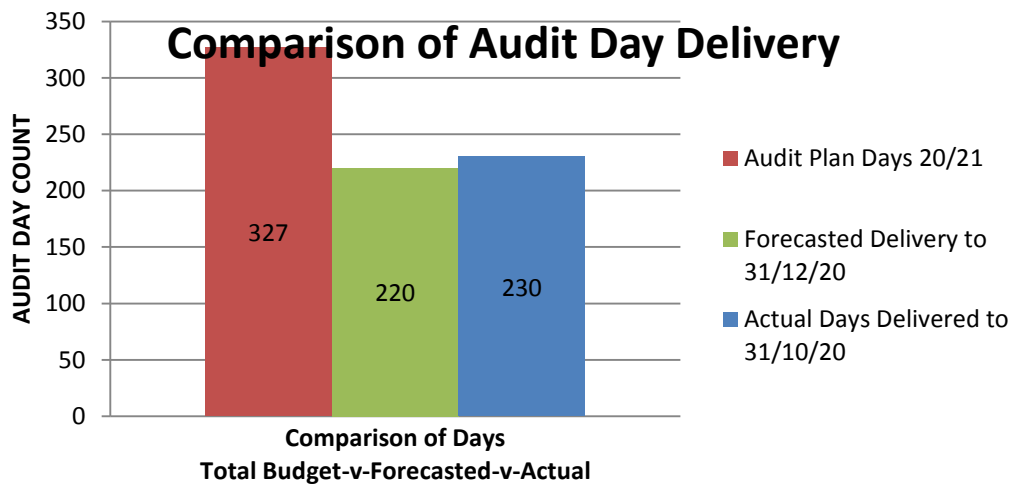
Note 1: This figure includes Quality Assurance monitoring work and the Revenues and Benefits Shared Service audit work undertaken. A number of the 'Core Financial Systems' are reviewed on a rolling basis through Q1 to Q3 inclusive the results of which are reported in Q4. The bulk of the core financial work is undertaken in Q3.

Note 2: A number of the budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters. During the pandemic there has been a requirement for audit staff to work with other Services for a period of time e.g. business grants, bereavement services, which has impacted this budget significantly. The original contingency budget has now been exceeded and is now being realigned as the year progresses in regard to reviews that will not take place this municipal year.

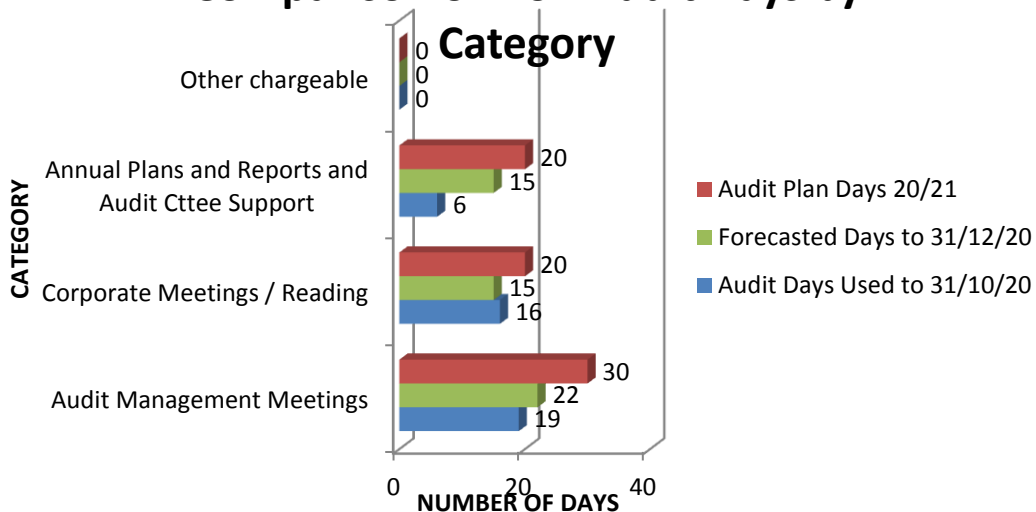
Comparison of Audit Days by Category



Comparison of Audit Day Delivery



Comparison of Non Audit Days by Category



APPENDIX 2

Performance against Key Performance Indicators 2020-2021

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2020/21. Other key performance indicators link to overall governance requirements of Worcester City Council e.g. KPI 4, 5 and 6. The 2020/21 position will be populated on a cumulative basis throughout the year.

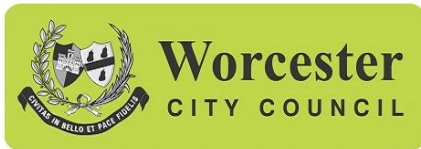
	KPI	Trend/Target requirement	2020/21 Position (as at 31st October 2020)		Frequency of Reporting
Operational					
1	No. of audits achieved during the year	Per target	Target = 12 (minimum) Delivered = 2 (incl. 1 @ Draft)	😐	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	70% of days	😐	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	63%* (Q2 average)	😞	When Audit Committee convene
Monitoring & Governance					
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to report to date (2019/20 = 1)	😊	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	1 (@ Draft) (2019/20 = 3)	😊	When Audit Committee convene
6	'Follow Up' results (by exception)	Management action plan implementation date exceeded (nil)	Nil to report to date	😊	When Audit Committee convene
Customer Satisfaction					
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	Nil to report to date. (2019/20 = 2)	😐	When Audit Committee convene

WAISS delivers the internal audit programme in conformance with the public sector internal audit standards which provide the professional practice for internal auditing.

*Below expectation due to the COVID-19 lockdown which impacted Q1 but steadily increasing through Q2..

APPENDIX 3
2020/21 Audit Reports.

Worcestershire Internal Audit Shared Service



Internal Audit Report

Property Investment 2020-21

17th September 2020

Distribution:

To: Head of Property & Asset Management
Cc: Director of Finance & Resources and Section 151 Officer

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1. Introduction

- 1.1 The audit of Property Investment was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Worcester City Council for 2020/21 as presented to the Audit and Governance Committee on 29th July 2020. The audit was a limited-scope, risk based systems audit of the Property Investment as operated by Worcester City Council.
- 1.2 This review relates to the Worcester City Council theme of 'Sustaining and improving our assets' as detailed in the Worcester City Plan 2016-2021.
- 1.3 The following risks on the Corporate Risk Register are relevant to this review:
 - CRK-006 Investment Portfolio – Macro-economic financial crisis that impacts on the Council's portfolio.
- 1.4 This review was under taken during the month of August 2020.

2. Audit Scope and objective

- 2.1. This review has been undertaken to provide assurance that the Council has in place and complies with up to date policies and its strategy for investment in Property which are subject to regular review and are in line with Local Government guidelines and standards.
- 2.2. The scope of the audit was as follows:
 - Current policy and strategy documentation including reviews
 - Evidence of compliance
- 2.3. The reviewed covered the arrangements in place at the time of the audit.
- 2.4. The review did not cover financial transactions of any kind relating to property investment.

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **full assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **full assurance** in this area because all of the key controls tested under the limited scope and with a small sample are in place and operating effectively and no weaknesses have been identified in the design or operation of the system.
- 3.3. The review found the following areas of the system were working well:
 - The Council has in place a robust process for Property Investment underpinned by the Commercial Strategy and other associated policy/strategy documentation.
 - The Council has fulfilled its statutory obligations by implementing the necessary strategy documentation.
 - Testing found that property investment processes have been carried out in accordance with the Council's strategies and policies.

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the "Definition of Priority of Recommendations" table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Clearance meeting discussion points
There are no new matters arising.					

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

Appendices A & B are indicated below and are applied to all reports. To save duplication these have been produced once, listed below for information for both Appendix 3 and Appendix 4.

APPENDIX A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 to 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

APPENDIX B

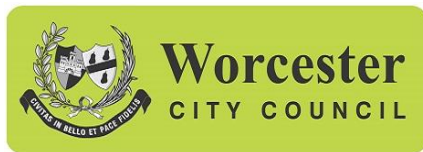
Definition of Priority of Recommendations

Priority	Definition
H	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.
M	Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.
L	Control weakness that has a low impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system.

APPENDIX 4

Audit Report Follow Up Reports.

Worcestershire Internal Audit Shared Service



Worcester City Museum and Art Gallery and Commandery 2019-20

1st Follow-up Report - 1st May 2020

Distribution:

To: Museums Manager

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a) **Section A - Justification of Audit Follow-up Approach**

The date of the final audit Report was 20/09/2019 and was followed up because:

- 1 'high' and 2 'medium' priority recommendations were made: and
- At least six months have passed since the original audit.

The following audit approach was therefore applied:

- The 1 'high' and 2 'medium' priority recommendations have been updated with the current position. (Please see Section C)
- Where required recommendations against weaknesses in key controls have been tested substantively/evidenced.

b) **Section B - Conclusion - Current Position statement**

The original audit report gave **Moderate Assurance** over the control environment and this is the 1st follow-up.

From the explanations received and the evidence provided. Internal Audit is satisfied that some of the recommendations have been satisfactorily implemented and others are in the process of being completed. Therefore the direction of travel is positive and the overall risk has been lowered.

A further follow up will be undertaken in 6 months time to assess progress against those actions not yet fully implemented.

This follow up was undertaken during the month of March and April 2020.

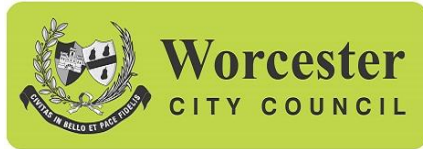
c) **Section C – Current Position –**

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 09/03/2020</u>
1 High	<p>All staff who undertake card payments but have not undertaken the Data Cards Standards training must complete the relevant training on the Learning Lounge immediately.</p> <p>Going forward procedure to be established to ensure that all new officers take the card payments training as part of their induction.</p>	<p>Responsible Manager: Museums Audience Manager</p> <p>Action: Review all staff working with credit card payments and ensure training is completed</p> <p>Implementation date: 30/9/19</p>	<p>Implemented</p> <p>All museum staff that take payments including membership have completed the Payment Card Industry Data Security Standard Training.</p>
2 Medium	<p>Ensure there is an appropriate procedure in place which staff are familiar with for unaccompanied items and staff remain vigilant at all times. Liaise with People Services to ensure front line and office staff receive the appropriate terrorism training.</p> <p>Record where spare keys are held and regularly monitor their existence and consider the best and most appropriate access/exit requirements as part of the planned foyer changes.</p>	<p>Responsible Manager: Senior Curator</p> <p>Action: Ensure front line team have completed terrorism training</p> <p>Review, complete and issue unattended items procedure</p> <p>Complete and issue instructions for new swipe card system on front door and set up on learning lounge</p>	<p>Partially Implemented</p> <p>Front line staff that work within the Museum and Art Gallery and the Commandery have been allocated the Run, Tell, Hide Training on the Learning Lounge. Not all staff have yet completed this training. The training can be accessed by other staff if required.</p> <p>There is now a procedure for lost items and unattended items which is also available on the learning lounge.</p>

Ref./ Priority	Recommendation	Management Response and Action Plan	1 st Follow up Position as at 09/03/2020
	<p>Liaise with Property Services and the Facility Team to ensure the Art Gallery & Museum maintain a fit for purpose access procedure to track visitors when entering, moving around and exiting the building.</p>	<p>Implementation date: 30/9/19</p> <p>Responsible Manager: Museums Manager</p> <p>Action: Review access procedures during foyer project</p> <p>Implementation date: 28/2/20</p>	<p>The foyer refurbishment project is still in progress and a communication was sent to staff on the 9th January 2020 advising to continue to use the Taylors Lane entrance. Once the foyer shop is in place, instructions on the use of the swipe card system will be communicated to staff.</p>
	<p>Risk assess areas within the Museum & Art Gallery most at risk from potential theft. Consider the appropriateness of the CCTV images to ensure they are fit for purpose.</p>	<p>Responsible Manager: Head of Property Services</p> <p>Action: Review current CCTV system and include replacement in capital planning</p> <p>Implementation date: 31/12/19</p> <p>Responsible Manager: Facilities Team Leader</p> <p>Action: Ensure team have been issued with front door instructions</p> <p>Review and implement new signing in</p>	<p>The Current CCTV is operational.</p> <p>There is an item in the Capital programme for this coming financial year, but this has been designated as a revenue cost. Therefore any cost will come out of Properties general Repairs & Maintenance budget. It has not been progressed yet as revenue projects will need to be considered on a priority basis and undertaken throughout the year as budget allows.</p> <p>The signing in procedure has been moved to a different, more visible location within the MAG. While the log is being completed more fully there are still occasions when visitors have not been signed out.</p>

Ref./ Priority	Recommendation	Management Response and Action Plan	1 st Follow up Position as at 09/03/2020
		<p>procedure in city offices</p> <p>Implementation date: 30/9/19</p>	
<p>3 Medium</p>	<p>Review the Commandery contract joint agreement document with legal and make any necessary changes as a result of the transfer of the service from County Council to Worcester City Council.</p> <p>Establish a procedure to ensure the timely and correct amount is invoiced as per the Agreement which is reconciled monthly and yearly against annual accounts.</p>	<p>Responsible Manager: Deputy Director (Governance)</p> <p>Action: Review and update contract alongside Joint Museums Agreement</p> <p>Implementation date: 30/10/19</p> <p>Responsible Manager: Museums Manager</p> <p>Action: Establish invoice procedure</p> <p>Implementation date: 31/12/19</p>	<p>Partially Implemented</p> <p>The review of the contract is still to be carried out. However the money owed from the cafe at the Commandery and Balcony Café at the Museum and Art Gallery is being monitored by the Museum Finance Assistant and being paid to Worcester City Council quarterly.</p> <p>The Museum Finance Assistant is responsible for monitoring and invoicing the café's at the Commandery and Museum and Art Gallery. Internal Audit have recommended that any handwritten amendments made by the café owner on the till receipts need to be signed by the café owner advising of the reason for the change to the amount which will provide a clear audit trail should the amount be disputed in the future.</p>

Worcestershire Internal Audit Shared Service



Procurement 2019/20

1st Follow-up Report - 19th October 2020

Distribution:

To: South Worcestershire Procurement Manager

CC: Deputy Director of Governance and Head of Legal and Democratic Services.
Head of Finance

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Section A - Justification of Audit Follow-up Approach

The date of the final audit Report was 27/01/2020 and was followed up because:

- 2 medium priority recommendations were made, and,
- at least three months have passed since the previous follow-up.

The following audit approach was therefore applied:

1. 2 medium priority recommendations have been updated with the current position. **(Please see Section C)**
2. Where required recommendations against weaknesses in key controls have been tested substantively/evidenced.

Section B - Conclusion - Current Position statement

The original audit report gave '**Moderate**' assurance over the control environment and this was the 1st follow-up.

The follow-up has found that out of the 2 'medium' priority recommendations detailed in the table in Section C, 1 'medium' priority recommendation has been partially implemented and 1 'medium' priority recommendation has not yet been implemented.

Internal Audit are satisfied that Management have taken action in relation to the one medium priority recommendation and although at this point in time it is only partially implemented the actions taken so far have reduced the risk to the Council.

In relation to the medium priority recommendation that has not been implemented, management are considering the practicalities of implementing additional controls. However, as the likelihood of the event is minimal at this point in time the Council is not facing any immediate or additional risk from its non implementation.

As not all recommendations have been fully implemented a further follow up will take place in three months time

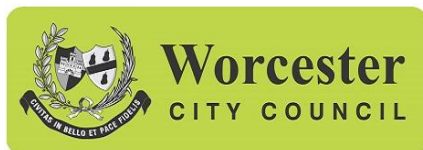
This follow up was undertaken during the month of October 2020.

Section C – Current Position

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 16th October 2020</u>
<p>1 Medium</p>	<p>Compliance</p> <p>To review the current procurement code to ensure it is fit for purpose and fits the needs of the council.</p> <p>To review the use of the Proactis (Due North) system and determine if all procurement exercises should be carried out through the system to ensure there is a clear audit trail and have the assurance that all documentation will be retained in case of challenge.</p> <p>If the decision is taken to only use the Proactis (Due North) system for certain procurement exercises then officers undertaking procurement should be made aware of the requirement to retain all documentation in line with the Councils Document Retention Policy and Procurement rules.</p>	<p>Responsible Manager: Deputy Director (Governance) Legal and Democratic Services and South Worcestershire Procurement Manager</p> <p>Implementation date: 31 March 2020</p> <p>The procurement code states that any high level contracts above £50k must be advertised via the portal. For most lower level value contracts the portal is also used. As the system provides a full audit trail this should reduce these occurrences in the future.</p> <p>A review of the procurement code will be undertaken and any changes required will be cascaded to staff.</p>	<p>Partially Implemented</p> <p>At the time that the follow up took place, recommendations had been partially implemented as: -</p> <ol style="list-style-type: none"> 1.) items under the value of £50k are now being entered onto the pro-actis system. 2.) A review was meant to be undertaken on the procurement code which was then going to be cascaded down to staff, however due to COVID-19 it was not possible to complete this action by the date agreed. However it has been agreed at Full Council on 30th September 2020 that the procurement code would be amended in relation to electronic signatures and use of the Council's common seal.

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 16th October 2020</u>
<p>2 Medium</p>	<p>Procurement undertaken prior to a Service being brought back in house</p> <p>As part of the transfer the current controls in place should be reviewed when a service is brought back in house to ensure that all necessary access will be available to all relevant documentation in relation to Procurement. A review of all contracts held should take place as near to the date of transfer as possible.</p>	<p>Responsible Manager: Head of Finance</p> <p>Implementation date: 31 March 2020</p> <p>It is rare that this happens and although historic data was requested, it was not possible to make it available. Since the transfer the service has continued as it did previously and raises Requisition forms for any purchases made which include a section that demonstrates best value.</p> <p>This will be raised at CLT so that should services be brought back in house in the future that this information is consistently requested as part of the transfer information provided.</p>	<p>Not Implemented</p> <p>It is quite rare for services to be brought back in-house and it was acknowledged that although it is raised in a CLT setting, the controls are going to be difficult to manage from a procurement perspective. Discussions may be required with CLT to see if this is something that the internal audit function can assist with as part of an audit plan to assess the risks and controls around this area.</p>

Worcestershire Internal Audit Shared Service



Technology Forge Interface 2019/20

1st Follow-up Report - 15th October 2020

Distribution:

To: Accountant
Head of Property and Asset Management
Property Manager

CC: Head of Finance

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Section A - Justification of Audit Follow-up Approach

The date of the final audit report was 01/05/2020 and was followed up because:

- 2 challenges were made, and,
- at least six months have passed since the previous follow-up.

The following audit approach was therefore applied:

- The challenges have been updated with the current position. **(Please see Section C)**

Section B - Conclusion - Current Position Statement

As this was a critical review there was no level of assurance given and although no recommendations were made management did provide an action plan with implementation dates to address the challenges made.

The follow up has found that out of two challenges highlighted good progress has been made towards implementing the interface between the Council’s financial system and the Technology Forge System.

Although some actions have not yet been fully implemented, overall the follow-up review has found strong evidence to support that good progress is being made towards completion of the project and that the interface will be implemented in the next 3 months once all the remaining testing requirements have been completed.

As there is a clear and positive direction of travel and the project is now being managed which has greatly reduced the risk to achieving its outcome no further follow-up will be required.

This follow up was undertaken during the month of October 2020.

Section C – Current Position

Ref./ Priority	<u>Challenge</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up</u> <u>Position as at 14th October 2020</u>
1	<p><u>Project Implementation</u></p> <p>1) Without a project manager does the council feel that there is a clear understanding on what the service area wanted the process to be from the offset and confident that this is still being achieved? As things have changed and evolved throughout the project can it be guaranteed at this stage that everyone is working to the same outcome?</p> <p>2) Does the council feel confident in the level of transparency being provided in the work being undertaken by Malvern Hill District</p>	<p>Responsible Manager: Head of property and Asset Management</p> <p>Implementation Date: 1 May 2020</p> <p>The challenges and risks as described are accepted. To address these, the proposed management action is as follows:-</p> <p>[Identified Officer] to act as overall Project Manager</p> <p>Project terms of reference, roles and accountabilities to be drafted and accepted by Project Sponsor, Project Manager and other team members including Technology Forge). To include agreed position statement, project</p>	<p>Partially Implemented</p> <p>Although not fully implemented, the review found that the current direction of travel is positive as some of the actions have been implemented.</p> <p>A project manager has been appointed and the project is now nearly at the implementation stage as the interface is now on the final part of the testing. (ref 2)</p> <p>Since the review, progress has also been made in relation to including the agreed position statement. As in April 2020 the Head of Property and Asset Management issued out the 'Technology Forge – Civica Interface Project</p>

Ref./ Priority	Challenge	Management Response and Action Plan	1 st Follow up Position as at 14 th October 2020
	<p>Council?</p> <p>3) As the project has now slipped significantly which has resource implications would it not be prudent now to select a lead officer to make sure that the outcomes required are achieved and that all parties understand what is required?</p> <p>4) As the project has been delayed due to additional pieces of project work being required and the financial implications that may come with that. Does the council know the true costs of the project? Does the Council know if there are likely to be additional costs from Malvern Hill District Council that have not already been factored into the project?</p>	<p>objective and any further defined costs to progress to completion.</p> <p>A post-project evaluation exercise will be undertaken in accordance with the Council's Project Management Approach to capture the learning identified in this report and other potential learning.</p>	<p>terms of reference', which enabled management to see the project objective, current position and project team. This has satisfied this part of the implementation progress.</p> <p>The remaining part of this element of the challenge was to carry out a post-project evaluation exercise. During the follow up meeting discussions, it was acknowledged that this has not been forgotten and will be carried out once the system interface has been successfully implemented.</p>
2	<p><u>Testing of system</u></p> <p>Is the council assured that the correct level of feedback over the testing is being provided to and from the developers of the interface? Is communication effective and is it being fed through one channel to ensure that a complete picture of where the testing stands and issues still outstanding are fully understood.</p> <p>2) Surely a Lead Officer for the</p>	<p>Responsible Manager: Head of property and Asset Management</p> <p>Implementation Date: 1 May 2020</p> <p>Project terms of reference will be clear on requirement to provide updates and issues for resolution to Project Manager</p>	<p>Partially Implemented</p> <p>After discussions with the Head of Property and Asset Management it was established that progress has been made since the critical review was carried out as the final parts of the testing of the interface commenced in August 2020.</p> <p>The service has scheduled 23 different testing samples to be Undertaken of which 11 tests have been completed where no issues have been identified.</p>

Ref./ Priority	<u>Challenge</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 14th October 2020</u>
	<p>project could aid the liaison between all parties involved to help overcome any barriers faced at the present and in the future should the interface not run as expected or face the possibility of adjustments in the future.</p> <p>3) Is the council assured that the correct level of face-to-face meetings are occurring with the developers and does the council accept that having a project lead could aid in allowing a better approach to delivering the interface successfully.</p> <p>4) Is there a clear expectation on when the system will go live and when it will actually be ready to go live?</p>		<p>As long as the remaining tests come back clear then the interface will be fit for purpose and ready for implementation.</p>

Appendix 5 Quality Assurance Improvement Plan.

Action Number	Area for Action and Standards Reference	Outcome Required	Action	Lead person	Target Date for completion	Date of Completion	Latest Position
1	1000	Updated Charter and Partner approval.	To review and update as appropriate, and present to COG and Partner Committees for approval.	Head of Internal Audit & Team Leader	Sep-21 (Annual Reports)		
2	1210.A1 - Training Requirements	Professional qualifications to be obtained.	Auditors to enhance their skills and qualifications through professional study e.g. IIA	Auditors	2023/24		
3	2420 - Timely Completion of Review Stages	Improvement in issuing the 'Draft Report' to the agreed date as set out in the Brief. To make improvements in the monitoring of the management response after the issue of a Draft Report.	Monitor the issue of Draft Reports and the receipt of management response during the financial year taking appropriate and timely action where the target dates are stressed.	Auditors	Mar-21		
4	2500.A1 - Follow Up	More efficient and timely follow up in regards to reported management action plans.	To review and enhance the follow up process, and monitor progress to reduce potential slippage.	Audit Team Leader	Mar-21		
5	2010.A1 - Annual Risk Assessments	More effective implementation of Annual Risk Assessments into the annual planning and use within individual audits.	To review the current process of using the annual risk assessments and how inclusion into annual planning and audit planning can be improved.	Head of Internal Audit / Audit Team Leader	Nov-20		

