

## 2021/22 Annual Audit Report Recommendations - Management Response and Action Plan

Improvement Recommendation	Management Response	Action Plan
Review and renew the gifts and hospitality policy for staff, as this was due for review in February 2021.	<p>The current gifts and hospitality policy for staff restricts gifts/hospitality to very low levels and there is no desire to increase them. From a financial perspective the limit is described as "nominal", which has tended to be £5 or so and explicitly no alcohol.</p> <p>The gifts and hospitality policy has been reviewed and updated. The priority is now to ensure staff are aware that the policy has been refreshed and is available on the intranet.</p>	<p><u>Completed action:</u> Gifts and Hospitality policy reviewed and updated</p> <p><u>Future action:</u> Further reviews of the gifts and hospitality policy will be undertaken as part of the governance cycle for policy reviews which are led by HROD</p>
Continue to implement the special educational needs and/or disabilities (SEND) in the local area improvement plan set out in the written statement of action following the CQC and Ofsted report from their joint review.	<p>The local area covered by the inspection included the County Council as the local authority, the Integrated Care Board (ICB), public health, NHS providers, early years' settings, schools and further education providers.</p> <p>Five areas of weakness were identified. A written statement of action (WSOA) was co-produced with partners, parent and carers, and submitted to CQC/Ofsted by the deadline of 24 December 2021.</p> <p>Progress on delivery of the WSoA is overseen by the SEND and Inclusion Change Programme Board which has been strengthened with ICB and Warwickshire Parent Carer Voice (WPCV) representation. The detailed governance and engagement arrangements are set out in the WSoA and include Cabinet, the ICB Governing Body and Clinical Quality and Governance Committee.</p> <p>The local area monitoring arrangements, set out in the WSoA include:</p>	<p><u>Completed Actions:</u></p> <ul style="list-style-type: none"> <li>• Written statement of action in response to the review findings agreed by Cabinet on 7 December 2021 and submitted to the CQC and Ofsted</li> <li>• In addition to the planned £4.844m investment in the SEND transformation programme, an additional £99k resources to support the delivery of the WSoA was approved by Cabinet on 7 December 2021</li> </ul>

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	<ul style="list-style-type: none"> <li>• KPIs reviewed monthly by WCC/ICB management teams;</li> <li>• 6-weekly WSoA interim reports on progress to the SEND and Inclusion Steering Group;</li> <li>• Quarterly formal WSoA reports on progress to SEND and Inclusion Change Board, SEND Member Panel, NHS England and the DfE; and</li> <li>• 6-monthly updates to Children and Young People’s Overview and Scrutiny Committee. The latest update was considered by the Committee on 14 February 2023.</li> </ul> <p>The Annual Audit Letter acknowledges good progress has been made but as an on-going change programme of change the improvement recommendation will remain in place until fully reassessed by CQC and Ofsted (expected June 2023).</p>	<ul style="list-style-type: none"> <li>• Steering Group established to oversee development and delivery of the WSoA</li> <li>• Monitoring arrangements agreed as part of the WSoA continue to be complied with.</li> </ul>
<p>Continue to implement the Warwickshire Fire and Rescue Service improvement plan set out in the written statement of action following the HMICFRS inspection in January 2022</p>	<p>In March 2021, His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) completed an inspection of Warwickshire Fire and Rescue Service (WFRS). The inspection report was publicly released in January 2022 and graded WFRS as ‘requires improvement’ against the three pillars of Efficiency, Effectiveness and People.</p> <p>The three causes of concern identified were:</p> <ul style="list-style-type: none"> <li>• the service hasn’t done enough since the last inspection to develop a prevention activity that prioritises those most at risk from fire;</li> <li>• the service hasn’t done enough since the last inspection to identify its highest risk premises to inform its risk-based inspection programme; and</li> <li>• the service isn’t taking a proportion approach to promoting equality, diversity and inclusion in the workplace.</li> </ul> <p>An improvement plan was agreed in August 2021 and funding put in place, through the annual budget process to support its delivery.</p>	<p><u>Completed Actions:</u></p> <ul style="list-style-type: none"> <li>• Written statement of action in response to the inspection findings agreed by the Leader in August 2021 and submitted to the HMICFRS</li> <li>• £1.550m included in the budget approved in February 2022 as the additional resources required to fund the action plan</li> <li>• Prevention Cause of Concern discharged by HMICFRS</li> </ul> <p><u>Future actions:</u></p> <ul style="list-style-type: none"> <li>• Continue delivery of the written statement of action until all</li> </ul>

	<p>Improvement work is delivered through a set of workstreams and monitored by the Continuous Improvement and Change Board and reported to the Integrated Risk Management Board and overseen by the Integrated Risk Management Plan Assurance Panel, Cabinet (as the Fire Authority), Corporate Board and HMICFRS.</p> <p>HMICFRS made their first revisit in February 2022 to review progress on the action plan. Their conclusion was that significant steps had been taken and that increased levels of oversight and monitoring reflect the determination and commitment to make the required improvements.</p> <p>A further HMICFRS visit was conducted in November 2022. During this visit HMICFRS looked at progress against Protection and EDI. They concluded that progress was being made. They also discharged the Prevention Cause of Concern, assessing this as being completed.</p> <p>A full inspection by HMICFRS of WFRS is taking place in March and April 2023 with the inspection findings likely to be available later in the year.</p> <p>The Annual Audit Letter acknowledges good progress has been made but as an on-going change programme of change monitored by HMICFRS the improvement recommendation will remain in place until fully reassessed.</p>	<p>causes of concern discharged by HMICFRS</p>
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## 2021/22 Audit Findings Report Recommendations - Management Response and Action Plan

Recommendation	Management Response	Action Plan
<p>Review the journal entry process to determine whether further segregation of duties can be introduced.</p>	<p>Journal postings to the WCC ledger do not require second user approval or authorisation. This has been the case for a number of years since before the implementation our current financial system. The recommendation does not highlight a change to the WCC approach and we remain satisfied that there are sufficient mitigating controls, including restrictions of journal posting access to mitigate the risk of the financial statements being materially misstated management override of controls.</p> <p>However, in response to this recommendation, we have undertaken a review of the journal types used by WCC in the financial system (74) of which 28 have material transactions in 2022/23. The majority of journal types have obvious mitigating controls in place. For the remainder we are going through a process of documenting the controls and whether there are areas that could be further strengthened.</p> <p>In Autumn 2023, the financial system is being transferred from its current on-premises setup to a cloud-based solution. This may require amendments to the methods through which journals are posted to the ledger. Internal audit and corporate finance are actively engaged in the project. Through this involvement we will be able to monitor and assess any impact on the journal types, controls and specifics.</p>	<p><u>Completed action:</u></p> <ul style="list-style-type: none"> <li>• A review of the journal types used by WCC in the financial system identifying the risk and mitigation in place</li> </ul> <p><u>Future action:</u></p> <ul style="list-style-type: none"> <li>• Complete documentation of all controls</li> <li>• Actively engage with the move to a cloud-based financial system to ensure no weakening of the management of risk around the positing of journals.</li> </ul>
<p>The Council should define segregation of duty policies and processes around general IT controls and ensure there is</p>	<p>Grant Thornton undertake a separate systems control audit/refresh each year to inform their assurance around the integrity of the data in the Council's core systems.</p>	<p><u>Completed action:</u></p> <p>The full 'update' HR/Payroll system admin role was:</p>

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<p>an understanding of roles, privileges assigned to these roles and where incompatible duties exist, including implementing alternative mitigating control where fully segregated access rights is not possible.</p>	<p>ICT have been actively liaising with Grant Thornton over the last year, including as part of during this year's (2023) audit. As part of this work a detailed review of system admin access has been undertaken and fed back to Grant Thornton as part of the management response with actions noted in the completed action statement.</p> <p>The area of outstanding concern following the 2022 refresh was in relation to the HR/Payroll system. Specific action has been undertaken in this area. The roles with administrative access have been reviewed and access either revoked or alternative arrangements with more limited access put in place.</p> <p>Across all core IT systems regular reviews of access and associated privileges are carried out.</p>	<ul style="list-style-type: none"> <li>• revoked from users who no longer required it to undertake their job roles; or</li> <li>• access was switched to a lower 'System admin lite' role; or</li> <li>• a new 'Recruitment system admin' role was created and assigned to users</li> </ul> <p><u>Future action:</u></p> <ul style="list-style-type: none"> <li>• Regular reviews of access and associated privileges carried out, including for all major systems changes</li> </ul>
<p>Undertake a review of its accounting arrangements for infrastructure assets e.g. introducing procedures for more detailed and individual recording of asset and in particular the estimate of useful economic life for reasonableness.</p>	<p>Accounting arrangements for infrastructure assets have been reviewed as part of the 2022/23 closedown.</p> <ul style="list-style-type: none"> <li>• Useful life estimates provided by the Services were applied to all 2021/22 capital transaction data. From this analysis the weighted average useful life for infrastructure assets, as a class, was calculated at 26 years. The analysis provides assurance over the 30-year average useful life that is the Council's depreciation policy. Had the 26-year average been applied for 2022/23, the annual depreciation charge would have been £3.1m higher than the £25.4m shown in the accounts, a figure that is below materiality.</li> <li>• The 2022/23 Infrastructure additions have been separately recorded on the Asset Register.</li> </ul> <p>Going forward we will continue to separately record additions to the infrastructure asset register each year and annually review additions to ensure the expenditure mix of 'components' remains consistent with the average useful life of 30 years.</p>	<p><u>Completed actions:</u></p> <ul style="list-style-type: none"> <li>• Accounting arrangements for infrastructure assets have been reviewed for reasonableness as part of the preparation for the 2022/23 accounts</li> <li>• New infrastructure spend is now separately recorded on the Asset Register</li> </ul> <p><u>Future actions:</u></p> <ul style="list-style-type: none"> <li>• Annually review additions to ensure the expenditure mix of 'components' remains consistent with the average useful life of 30 years</li> </ul>

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<p>Continue to review disposals schedules for academy schools to ensure these are complete</p>	<p>A shared Academy Tracker file maintained by Education Services is used as the primary data source of schools transferring to academy status. A cross-check with Property Shareholder notifications and DfE information held online is undertaken and any differences between the various schedules followed up.</p> <p>Schools' capital projects are reviewed quarterly to ensure spend is correctly attributed to maintained and academy schools.</p>	<p><u>Completed actions:</u></p> <ul style="list-style-type: none"><li>• Academy disposals logged and actioned via the Academy Tracker shared file maintained by Education Services</li><li>• School capital projects reviewed quarterly to ensure spend is correctly attributed</li></ul>
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