

**TYNE AND WEAR FIRE AND RESCUE AUTHORITY**

**GOVERNANCE COMMITTEE**

**Item 4**

**MEETING: 24<sup>TH</sup> SEPTEMBER 2012**

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**SUBJECT: INTERNAL AUDIT PROGRESS REPORT**

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**REPORT OF THE HEAD OF INTERNAL AUDIT**

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**1. Introduction**

- 1.1 This report sets out the performance of Internal Audit up to 31<sup>st</sup> August 2012, areas of work undertaken, and the internal audit opinion regarding the adequacy of the overall system of internal control within the Authority.

**2. Description of Decision**

- 2.1 The Governance Committee is asked to consider the report.

**3. Key Performance Indicators**

- 3.1 Performance against the agreed KPIs to date is shown in Appendix 1. All KPIs are on target.

**4. Summary of Internal Audit Work**

- 4.1 The audit opinion for the audits carried out so far during the year is shown in Appendix 2 along with the current overall opinion based on the current and two previous years' audit work. Five audits are included in the current year's plan and the progress on each is as follows:

- Local Financial Systems – this audit is nearing completion.
- Training Centre – planned for quarter 3
- Purchasing Cards – planned for quarter 3
- Catering – planned for quarter 4
- Fire Safety Inspections – scoping meeting held on 30/8/12

- 4.2 In addition to the above, 19 days were allocated for proactive financial transactions testing to ensure that appropriate controls continue to be in place during a period of change in the back office services. The areas covered include:

- Payroll
- Accounts payable
- Cash transactions.

This work is nearing completion with no concerns being raised to date.

- 4.3 The Internal Audit Annual Report for 2011/12 explained that advice had been provided in relation to the implementation of the Data Handling Guidelines. Progress is being made to develop these arrangements which are intended to be finalised once the current re-structuring of the Fire Service is completed. An updated position will be reported in the Annual Report at the end of the financial year.

**5. Conclusions**

- 5.1 This report provides information regarding progress against the planned audit work for the year and performance targets.
- 5.2 Results of the work undertaken so far during the year have not highlighted any issues which affect the opinion that, overall throughout the Authority, there continues to be an adequate system of internal control.

**6. Recommendations**

- 6.1 Members are asked to consider the report.

**Background Papers**

Internal Audit Strategy and Operational Plan for 2012/2013 –  
Governance Committee, 19th March 2012.

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2012/13			
<b>Efficiency and Effectiveness</b>			
Objectives	KPI's	Targets	Progress to Date
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified. 2) Percentage of draft reports issued within 15 days of the end of fieldwork. 3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	1) All key risk areas covered over a 3 year period 2) 90% 3) 70%	1) On Target 2) No reports issued in year to date 3) No audits completed in year to date
<b>Quality</b>			
Objectives	KPI's	Targets	Progress to Date
1) To maintain an effective system of Quality Assurance. 2) To ensure recommendations made by the service are agreed and implemented.	1) Opinion of External Auditor 2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.	1) Satisfactory opinion 2) 100% for high and significant. 90% for medium risk	1) Achieved 2) High and significant – n/a Medium – 92%
<b>Client Satisfaction</b>			
Objectives	KPI's	Targets	Progress to Date
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) Number of Complaints / Compliments	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor) 2) Results classed as 'Good' 3) No target – actual numbers will be reported	1) Average score for last 12 months is 1.3 2) None undertaken 3) None in year to date

## Internal Audit Coverage

Key Risk Area	Planned Audits 2012/13	Conclusion (audits undertaken 2012/13)	Overall Opinion from Previous 3 years work
Corporate Governance			Good
Service / Business Planning, IRMP	Fire Safety Inspections		Good
Financial Management	Local Financial Systems Training Centre Catering Financial Transactions	Almost complete  Almost complete	Satisfactory
Risk Management			Good
Procurement and Contract Management	Purchasing Cards		Satisfactory
Human Resource Management			Good
Asset Management			Good
ICT			Satisfactory
Fraud and Corruption	Financial Transactions	Almost complete	Good
Information Governance			Satisfactory
Business Continuity and Contingency Planning			Satisfactory
Performance Management			Good
Payroll	Financial Transactions	Almost complete	Good
Partnership Working			To be provided in annual report
Project Management			Good