

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No 4

GOVERNANCE COMMITTEE

29 September 2014

Subject: Internal Audit Progress Report

Report of the head of internal audit

1. Introduction

- 1.1 This report sets out the performance of Internal Audit up to August 2014, 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 Seven audits are included in the 2014/15 plan. Much of the audit work for the previous year was concentrated at the year end to enable TWFRS management and staff to prepare for, and deal with the industrial action which took place during 2013-14. In view of this the majority of the current year's planned audit work is scheduled for the second half of the year, as follows:

- Corporate Governance Arrangements (compliance with the new Financial Regulations and Standing Orders) - planned for quarter 4
- Financial Management (review the arrangements for achieving efficiencies) – planned for quarter 3
- Attendance Management Arrangements – scoping meeting took place on 11th September
- Building Maintenance – planned for quarter 4
- Contract Management Arrangements – planned for quarter 3

- ICT Disaster Recovery (Control Room) – planned for quarter 4
 - Project Management Arrangements (review of arrangements to manage one of the Authority's key ongoing IRMP projects) - planned for quarter 3
- 4.2 In addition to the above, 10 days are allocated for financial transactions testing to ensure that appropriate controls continue to be in place in the Accounts Payable and Payroll systems.
- 4.3 The current overall opinion against each risk area, based on the last three years' audit work is shown in Appendix 2. As the current year's audit work progresses the opinions will be updated and reported in future updates.
- 4.4 It is anticipated that the agreed plan will be delivered in full by the year end.

5. Conclusions

- 5.1 This report provides information regarding progress against the planned audit work for the year and performance targets.
- 5.2 It remains the opinion of Internal Audit 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 Operational Plan for 2014/2015
Governance Committee, 17th March 2014

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2014/15			
Efficiency and Effectiveness			
Objectives	KPI's	Targets	Progress
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). 4) Cost per £m Turnover	1) All key risk areas covered over a 3 year period 2) 90% 3) 70% Lower than average within CIPFA Benchmarking Club	On target No reports issued in year to date No audits completed in year to date On target - £330 v £734 average
Quality			
Objectives	KPI's	Targets	Progress
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	Achieved Achieved (n/a for high and significant risk 90% for medium risk)
Client Satisfaction			
Objectives	KPI's	Targets	Progress
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	Achieved – current average score is 1.3 None carried out None in year to date

Internal Audit Coverage

Key Risk Area	Planned Audits	Level of Assurance from audits undertaken 2014/15	Level of Assurance from Previous 3 years work
Corporate Governance	Review of Compliance with new Financial Regulations and Standing Orders		Substantial
Service / Business Planning, IRMP	Review of a key ongoing IRMP project		Substantial
Financial Management	Review arrangements for achievement of efficiencies. Financial Transactions Testing		Substantial
Risk Management	No audit work planned	n/a	Substantial
Procurement and Contract Management	Contract Management		Substantial
Human Resource Management	Attendance Management		Substantial
Asset Management	Building Maintenance (non PFI buildings)		Substantial
ICT	Control Room Disaster Recovery Arrangements		Moderate
Fraud and Corruption	Financial Transactions Testing on Payroll and Accounts Payable.		Substantial
Information Governance	No audit work planned.	n/a	Moderate
Business Continuity and Contingency Planning	Review of external business continuity assessment. Control Room Disaster Recovery Arrangements		Moderate
Performance Management	Review of a key ongoing IRMP project		Substantial
Payroll	Financial Transactions Testing		Substantial
Partnership Working	No audit work planned.	n/a	Moderate
Project Management	Review of a key ongoing IRMP project		Substantial

