

TYNE & WEAR FIRE AND RESCUE AUTHORITY

Item No. 4

GOVERNANCE COMMITTEE MEETING: 26 SEPTEMBER 2016

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 2016, 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 of the KPIs are on target.

4. Summary of Internal Audit Work

- 4.1 Six audits are included in the 2016/17 plan.
- 4.2 To date one audit has been completed to draft report stage. This is the audit of compliance with the revised Standing Orders. This audit resulted in the provision of substantial assurance regarding the arrangements in place.
- 4.3 An audit of the Authority's payroll arrangements is currently nearing completion whilst an audit of the Authority's capital programme is in the early stages.
- 4.4 The remaining planned audits are scheduled as follows:
- Risk Management arrangements – planned for quarter 3;
 - Pensions – planned for quarter 3;

- Performance and Financial Management – planned for quarter 4.
- 4.5 In addition to the above, 8 days are allocated for financial transactions testing to ensure that appropriate controls continue to be in place in the Accounts Payable and Payroll systems. This work is currently being completed in relation to payroll.
- 4.6 The current overall opinion against each risk area, based on the last three years' audit work is shown in Appendix 2. As can be seen the position is very positive.
- 4.7 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 with no significant issues being raised.

6. Recommendations

- 6.1 Members are asked to consider the report.

Background Papers

Internal Audit Operational Plan for 2016/2017
Governance Committee, 14th March 2016

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2015/16			
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.	1) All key risk areas covered over a 3 year period	On target
	2) Percentage of draft reports issued within 15 days of the end of fieldwork.	2) 90%	On target -100%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	3) 80%	On target – 100%
	4) Cost per £m Turnover	Lower than average within CIPFA Benchmarking Club	On target - £460 v £699 average
Quality			
Objectives	KPI's	Targets	Progress
1) To maintain an effective system of Quality Assurance.	1) Opinion of External Auditor	1) Satisfactory opinion	Achieved
2) To ensure recommendations made by the service are agreed and implemented.	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.	2) 100% for high and significant. 90% for medium risk	High and significant – N/A Medium – on target at 96%
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	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)	On target – current average score is 1.0
	2) Results of other Questionnaires	2) Results classed as 'Good'	None carried out
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	None in year to date

Internal Audit Coverage

Key Risk Area	Planned Audits	Level of Assurance from audits undertaken 2016/17	Level of Assurance from Previous 3 years work
Corporate Governance	Review of Compliance with new Financial Regulations and Standing Orders	Substantial	Substantial
Service / Business Planning, IRMP	No audit work planned	n/a	Substantial
Financial Management	Review of Capital Programme. Audit of pensions arrangements Financial Transactions Testing on Payroll and Accounts Payable		Substantial
Risk Management	Audit of RMAD system and review of management of risks in corporate risk profile		Substantial
Procurement and Contract Management	No audit work planned	n/a	Substantial
Human Resource Management	No audit work planned	n/a	Substantial
Asset Management	Review of Capital Programme		Substantial
ICT	No audit work planned	n/a	Substantial
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	No audit work planned	n/a	Substantial
Performance Management	Review of process for gathering performance data and reporting on performance		Substantial
Payroll	Audit of payroll Transactions Testing		Substantial
Partnership Working	No audit work planned	n/a	Substantial
Project Management	No audit work planned	n/a	Substantial