

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No. 4

GOVERNANCE COMMITTEE

MEETING: 24th SEPTEMBER 2018

SUBJECT: INTERNAL AUDIT PROGRESS REPORT 2018/19

REPORT OF THE HEAD OF INTERNAL AUDIT

1. Introduction

- 1.1 This report sets out the performance of Internal Audit up to August 2018, 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 KPI's are currently on target.

4. Summary of Internal Audit Work

- 4.1 Six audits are included in the 2018/19 plan.
- 4.2 To date the fieldwork has been completed for the audit of Cyber Security Arrangements and the draft report is being discussed with officers. An audit of the Authority's performance management arrangements has recently commenced.

- 4.3 The remaining planned audits are scheduled as follows:
- Information Governance – quarter 2;
 - Financial Management – quarter 3;
 - ICT – Business Continuity/Disaster Recovery – quarter 3;
 - Procurement and Contract Management – quarter 4.
- 4.4 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 remains very positive.
- 4.5 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 2018/2019
Governance Committee, 26th March 2018

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2018/19			
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) 82%	On target - 100%
	4) Cost per £m Turnover	Lower than average within CIPFA Benchmarking Club	On target - £417 v £569 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 – On target (100%) 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	Level of Assurance from audits undertaken 2015/16	Level of Assurance from audits undertaken 2016/17	Level of Assurance from audits undertaken 2017/18	Level of Assurance from audits undertaken 2018/19	Scope of Planned Audits 2018/19	Overall opinion
Corporate Governance		Review of Compliance with new Standing Orders – Substantial			No audit work planned	Substantial
Service / Business Planning, IRMP	MTFP - Substantial		Human Resource Management - Substantial		No audit work planned.	Substantial
Financial Management	Charging and Income Collection – Substantial	Financial Transactions Testing – Substantial	Financial Transactions Testing - Substantial	Financial Transactions Testing	Financial Transactions Testing on Payroll and Accounts Payable.	Substantial
	Financial Transactions Testing - Substantial	Capital programme – Substantial				
		Pension Arrangements – Substantial				
		Performance and Financial Management – Substantial				
Risk Management		Risk Management Arrangements - Substantial			No audit work planned	Substantial

Appendix 2

Key Risk Area	Level of Assurance from audits undertaken 2015/16	Level of Assurance from audits undertaken 2016/17	Level of Assurance from audits undertaken 2017/18	Level of Assurance from audits undertaken 2018/19	Scope of Planned Audits 2018/19	Overall opinion
Procurement and Contract Management			Partnership Working Arrangements – Moderate	Contract Management Arrangements	Review of the contract management arrangements for a sample of keys contracts	Moderate
Human Resource Management			Human Resource Management – Substantial		No audit work planned.	Substantial
Asset Management		Capital Programme – Substantial			No audit work planned	Substantial
ICT	Review of Information Governance Arrangements – Substantial		General Data Protection Regulation - Substantial	Cyber Security – Moderate	Review of the cyber security arrangements in place for the Service.	Substantial
				ICT Business Continuity/Disaster Recovery	Review of the business continuity/disaster recovery arrangements in place for the Service.	
Fraud and Corruption	Financial Transactions – Substantial	Financial Transactions – Substantial	Financial Transactions – Substantial	Financial Transactions	Financial Transactions Testing on Payroll and Accounts Payable.	Substantial
			Fuel – Moderate			
Information Governance	Review of Information Governance		General Data Protection Regulation –	General Data Protection Regulation	Review the arrangements in place to ensure compliance with GDPR requirements	Substantial

Appendix 2

Key Risk Area	Level of Assurance from audits undertaken 2015/16	Level of Assurance from audits undertaken 2016/17	Level of Assurance from audits undertaken 2017/18	Level of Assurance from audits undertaken 2018/19	Scope of Planned Audits 2018/19	Overall opinion
	Arrangements – Substantial		Substantial			
Business Continuity and Contingency Planning	Review of response to strike action. Review of external assessment – Substantial			ICT Business Continuity/Disaster Recovery	Review of the business continuity/disaster recovery arrangements in place for the Service.	Substantial
Performance Management		Performance and Financial Management - Substantial	Performance Management Arrangements (Deferred to 2018/19)	Performance Management Arrangements	Review of process for gathering performance data and reporting on performance.	Substantial
Payroll	Financial Transaction Testing - Substantial	Financial Transaction Testing – Substantial	Financial Transaction Testing - Substantial	Financial Transaction Testing	Financial Transactions Testing on Payroll	Substantial
Partnership Working	Review of partnership working arrangements – Substantial		Partnership Working Arrangements - Moderate		No audit work planned.	Moderate
Project Management			Project Management Arrangements – Moderate		No audit work planned.	Moderate