Tyne and Wear Fire and Rescue Authority
Creating the Safest Community
www.twfire.gov.uk

GOVERNANCE COMMITTEE **Item 4**

MEETING: 28th SEPTEMBER 2015

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 2015, 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 but two of the KPIs are on target, although this is not of concern at this point in the year.

4. Summary of Internal Audit Work

4.1 Six audits are included in the 2015/16 plan.

4.2 To date one audit has been completed to draft report stage. This is the audit of the Authority's business continuity arrangements. This audit resulted in the provision of substantial assurance regarding the arrangements in place.

4.3 An audit of the Authority's approach to setting and collecting charges is currently nearing completion.

4.4 The remaining planned audits are scheduled as follows:

- Corporate Governance Arrangements (compliance with the new Financial Regulations and Standing Orders) - planned for quarter 4
- Medium Term Financial Planning – planned for quarter 3

- Information Governance – planned for quarter 3

- Partnership Working – planned for quarter 3

4.5 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. This work is scheduled to start imminently.

4.6 The current overall opinion against each risk area, based on the last three years' audit work is shown in Appendix 2.

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.

6. Recommendations

6.1 Members are asked to consider the report.

Background Papers
Internal Audit Operational Plan for 2015/2016
Governance Committee, 16th March 2015

Appendix 1

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. Actual performance 100% although note only one report issued in year to date.
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	3) 80%	Behind target. Actual performance 0% although only one audit completed to date
	4) Cost per £m Turnover	Lower than average within CIPFA Benchmarking Club	Achieved - £496 v £865 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 – slightly below target at 89%
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

Appendix 2

Internal Audit Coverage

Key Risk Area	Planned Audits	Level of Assurance from audits undertaken 2015/16	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 Medium Term Financial Planning Process		Substantial
Financial Management	Review of process for setting and collecting charges. Financial Transactions Testing of Payroll and Accounts Payable		Substantial
Risk Management	No audit work planned	n/a	Substantial
Procurement and Contract Management	No audit work planned	n/a	Substantial
Human Resource Management	No audit work planned	n/a	Substantial
Asset Management	No audit work planned	n/a	Substantial
ICT	No audit work planned	n/a	Moderate
Fraud and Corruption	Financial Transactions Testing on Payroll and Accounts Payable.		Substantial
Information Governance	Review of Information Governance Arrangements, including compliance with Data Handling Guidelines		Moderate
Business Continuity and Contingency Planning	Review of response to recent and ongoing strike action	Substantial	Substantial
Performance Management	No audit work planned	n/a	Substantial
Payroll	Financial Transactions Testing		Substantial
Partnership Working	Review of partnership working arrangements		Substantial
Project Management	No audit work planned	n/a	Substantial