

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item 4

GOVERNANCE COMMITTEE: 23rd SEPTEMBER 2019

SUBJECT: INTERNAL AUDIT PROGRESS REPORT 2019/20

REPORT OF THE HEAD OF INTERNAL AUDIT

1. Purpose of Report

- 1.1 This report sets out the performance of Internal Audit up to August 2019, areas of work undertaken, and the internal audit opinion regarding the adequacy of the overall system of internal control within the Authority.

2. Key Performance Indicators

- 2.1 Performance against the agreed KPIs to date is shown in Appendix 1. All of the KPI's are currently on target.

3. Summary of Internal Audit Work

- 3.1 Seven audit areas are included in the 2019/20 plan.
- 3.2 To date two audits have been completed relating to the Integrated Risk Management Plan (IRMP) and contract management arrangements in place for a sample of key contracts. An audit of the Authority's procurement arrangements and compliance with the Authority's Standing Orders has also recently commenced. It should be noted that one audit originally planned to be undertaken in 2019/20 related to a review of the process followed for the implementation of the Core HR system. At the request of the Chief Fire Officer this audit was brought forward and completed in 2018/19, with the review of the contract management arrangements in place for a sample of key contracts deferred from 2018/19 and complete in 2019/20.
- 3.3 The remaining planned audits are scheduled as follows:
- Information Governance – quarter 2;
 - Financial Management – quarter 3;
 - Asset Management – quarter 3;
 - Business Continuity and Contingency Planning – quarter 4.

- 3.4 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.
- 3.5 It is anticipated that the agreed plan will be delivered in full by the year end.

4. Conclusions

- 4.1 This report provides information regarding progress against the planned audit work for the year and performance targets.
- 4.2 It remains the opinion of Internal Audit that, overall throughout the Authority, there continues to be an adequate system of internal control.

5. Recommendations

- 5.1 Members are asked to consider the report.

Background Papers

Internal Audit Operational Plan for 2019/2020
Governance Committee, 11th March 2019

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2019/20			
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) 85%	On target - 100%
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 2016/17	Level of Assurance from audits undertaken 2017/18	Level of Assurance from audits undertaken 2018/19	Level of Assurance from audits undertaken 2019/20	Scope of Planned Audits 2019/20	Overall opinion
Corporate Governance	Review of Compliance with new Standing Orders – Substantial			Procurement	Review of compliance with Standing Orders in relation to procurement.	Substantial
Service / Business Planning, IRMP		Human Resource Management - Substantial		IRMP - Substantial	Review of use of resources, framework and approach in IRMP.	Substantial
Financial Management	Financial Transactions Testing on Payroll and Accounts Payable – Substantial	Financial Transactions Testing on Payroll and Accounts Payable - Substantial	Financial Transactions Testing on Payroll and Accounts Payable - Substantial	Financial Management	Financial Transactions Testing on Payroll and Accounts Payable.	Substantial
	Capital programme – Substantial					
	Pension Arrangements – Substantial					
	Performance and Financial Management – Substantial					
Risk Management	Risk Management Arrangements - Substantial			IRMP - Substantial	Review of use of resources, framework and approach in IRMP.	Substantial

Appendix 2

Key Risk Area	Level of Assurance from audits undertaken 2016/17	Level of Assurance from audits undertaken 2017/18	Level of Assurance from audits undertaken 2018/19	Level of Assurance from audits undertaken 2019/20	Scope of Planned Audits 2019/20	Overall opinion
Procurement and Contract Management		Partnership Working Arrangements – Moderate		Contract Management Arrangements – Substantial Procurement	Review of the contract management arrangements for a sample of keys contracts Review of compliance with Standing Orders in relation to procurement.	Substantial
Human Resource Management		Human Resource Management – Substantial	Implementation of Core HR system - Substantial		No audit work planned.	Substantial
Asset Management	Capital Programme – Substantial			Asset Management	Review of corporate arrangements for managing non PFI assets.	Substantial
ICT		General Data Protection Regulation - Substantial	Cyber Security – Moderate ICT business continuity/disaster recovery arrangements in place for ICT - Substantial		No audit work planned.	Substantial
Fraud and Corruption	Financial Transactions Testing on Payroll and Accounts Payable – Substantial	Financial Transactions Testing on Payroll and Accounts Payable – Substantial Fuel – Moderate	Financial Transactions Testing on Payroll and Accounts Payable – Substantial	Financial Management	Financial Transactions Testing on Payroll and Accounts Payable.	Substantial

Appendix 2

Key Risk Area	Level of Assurance from audits undertaken 2016/17	Level of Assurance from audits undertaken 2017/18	Level of Assurance from audits undertaken 2018/19	Level of Assurance from audits undertaken 2019/20	Scope of Planned Audits 2019/20	Overall opinion
Information Governance		General Data Protection Regulation – Substantial	General Data Protection Regulation - Substantial	Information Governance	Review of the results of the DPO assurance work.	Substantial
Business Continuity and Contingency Planning			ICT business continuity/disaster recovery arrangements in place for ICT - Substantial	Business Continuity and Contingency Planning	Review of the business continuity/disaster recovery arrangements in place in the case of service disruption.	Substantial
Performance Management	Performance and Financial Management - Substantial		Performance Management Arrangements – Substantial Integrated Risk Management Plan, Response Review Report, Data Quality - Substantial		No audit work planned.	Substantial
Payroll	Financial Transaction, Payroll Testing – Substantial	Financial Transaction Testing, Payroll - Substantial	Financial Transaction Testing, Payroll - Substantial	Financial Management	Financial Transactions Testing on Payroll	Substantial
Partnership Working		Partnership Working Arrangements - Moderate		Contract Management Arrangements - Substantial	Review of the contract management arrangements for a sample of keys contracts.	Substantial