

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

GOVERNANCE COMMITTEE: 30TH NOVEMBER 2020

Item 4

SUBJECT: INTERNAL AUDIT ANNUAL PROGRESS REPORT – 2020/2021

REPORT OF THE HEAD OF INTERNAL AUDIT

1. Purpose of Report

- 1.1 This report sets out the performance of Internal Audit up to November 2020, 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. KPI's are currently on target where performance data is available.

3. Summary of Internal Audit Work

- 3.1 Six audit areas are included in the 2020/21 plan.
- 3.2 To date four audits are underway relating to Human Resource Management, Business Development/Income Generation, Contract Management Arrangements for PFI buildings and ICT.
- 3.3 The remaining planned audits are scheduled to be completed by the end of the financial year, as follows:
- Information Governance;
 - Counter Fraud.
- 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 2020/2021
Governance Committee, 5th March 2020

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Appendix 1

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2020/21			
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).	1) All key risk areas covered over a 3 year period 2) 90% 3) 87%	1) Achieved 2) No performance to report to date 3) No performance to report to date
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	1) Achieved 2) High and significant – achieved (100%) Medium – achieved (94%)
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	1) Achieved (Average score for last 12 months is 1.0) 2) None undertaken 3) No compliments or complaints received

Internal Audit Coverage

Key Risk Area	2017/18 Audit Opinion / Assurance	2018/19 Audit Opinion / Assurance	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	Scope of planned audits 2020/21	Overall Opinion from Previous 3 years work
Corporate Governance			Procurement - Substantial			Substantial
Service / Business Planning, IRMP	Human Resource Management - Substantial		IRMP - Substantial			Substantial
Financial Management	Financial Transaction Testing – Payroll and Accounts Payable - Substantial	Financial Transactions Testing on Payroll and Accounts Payable - Substantial	Financial Transactions Testing on Payroll and Accounts Payable - Substantial	Financial Transaction Testing – Payroll and Accounts Payable Business Development/Income Generation	Transaction testing relating to Payroll and Accounts Payable. Review the process followed following the liquidation of Impeller Assurance and Resilience Limited and the plans in place within the Service to generate income.	Substantial
Risk Management			IRMP - Substantial			Substantial
Procurement and Contract Management	Partnership Working Arrangements - Moderate	Review of the contract management arrangements for a sample of key contracts – Deferred to 2019/20	Review of the contract management arrangements for a sample of key contracts – Substantial Procurement - Substantial	Contract Management Arrangements	Review the arrangements in place for managing the contracts in place for PFI buildings.	Substantial

Appendix 2

Key Risk Area	2017/18 Audit Opinion / Assurance	2018/19 Audit Opinion / Assurance	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	Scope of planned audits 2020/21	Overall Opinion from Previous 3 years work
Human Resource Management	Human Resource Management - Substantial	Implementation of Core HR - Substantial	Managerial Assessment Programme - Moderate	Workforce Planning	Review the workforce planning lifecycle to ensure that the maximum level of operational capacity is available at all times.	Substantial
Asset Management			Asset Management - Substantial	Contract Management Arrangements	Review the arrangements in place for managing the contracts in place for PFI buildings.	Substantial
ICT	General Data Protection Regulations - Substantial	Review of the cyber security arrangements in place for the service – Moderate Review of the business continuity/disaster recovery arrangements in place for the Service - Substantial		ICT Systems Developments	Review the Service's arrangements for in house software development and the development lifecycle.	Substantial
Fraud and Corruption	Financial Transaction Testing – Payroll and Accounts Payable – Substantial Fuel - Moderate	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	Transaction testing relating to Payroll and Accounts Payable.	Substantial

Appendix 2

Key Risk Area	2017/18 Audit Opinion / Assurance	2018/19 Audit Opinion / Assurance	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	Scope of planned audits 2020/21	Overall Opinion from Previous 3 years work
Information Governance	General Data Protection Regulation - Substantial	Compliance with General Data Protection Regulation – Substantial	Compliance with General Data Protection Regulation - Moderate	Compliance with General Data Protection Regulation	Review the results of the Service's Data Protection Officer's assurance work.	Substantial
Business Continuity & Contingency Planning		Review of the business continuity/disaster recovery arrangements in place for the Service - Substantial	Business Continuity Planning - Substantial			Substantial
Performance Management		Performance Management Arrangements – Substantial Integrated Risk Management Plan, Response Review Report - Data Quality - Substantial				Substantial
Payroll	Transaction Testing – Payroll - Substantial	Financial Transactions Testing on Payroll - Substantial	Financial Transactions Testing on Payroll - Substantial	Transaction Testing – Payroll	Transaction testing relating to Payroll and Accounts Payable.	Substantial
Partnership Working	Partnership Working		Review of the contract			Substantial

Appendix 2

Key Risk Area	2017/18 Audit Opinion / Assurance	2018/19 Audit Opinion / Assurance	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	Scope of planned audits 2020/21	Overall Opinion from Previous 3 years work
	Arrangements - Moderate		management arrangements for a sample of key contracts – Substantial			
Project Management	Project Management Arrangements - Substantial	Implementation of Core HR - Substantial				Substantial

