

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No. 7

GOVERNANCE COMMITTEE: 29 NOVEMBER 2021

SUBJECT: INTERNAL AUDIT ANNUAL PROGRESS REPORT – 2021/2022

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 2021, 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 in all areas.

3. Summary of Internal Audit Work

3.1 Six audit areas are included in the 2021/22 plan.

3.2 To date two audits have been completed, these audits relate to Project Management and Financial Management – Reserves Strategy. Two further audits relating to Counter Fraud and Information Governance are due to commence imminently.

3.3 The remaining planned audits are scheduled to be completed by the end of the financial year, as follows:

- Performance Management
- Corporate Governance.

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 2021/2022
Governance Committee, 8th March 2021

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Appendix 1

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2021/22			
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	1) Achieved
	2) Percentage of draft reports issued within 15 days of the end of fieldwork.	2) 90%	2) Achieved (100%)
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	3) 87%	3) Achieved (100%)
Quality			
Objectives	KPI's	Targets	Progress
1) To maintain an effective system of Quality Assurance.	1) Opinion of External Auditor	1) Satisfactory opinion	1) 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	2) High and significant – Achieved (100%) Medium – Achieved (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)	1) Achieved (Average score for last 12 months is 1.0)
	2) Results of other Questionnaires	2) Results classed as 'Good'	2) None undertaken
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	3) No compliments or complaints received

Internal Audit Coverage

Key Risk Area	2018/19 Audit Opinion / Assurance	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	2021/22 Audit Opinion / Assurance	Scope of planned audits 2021/22	Overall Opinion from Previous 3 years work
Corporate Governance		Procurement - Substantial		Corporate Governance Arrangements	Review of the Corporate Governance Arrangements in place within the service	Substantial
Service / Business Planning, IRMP		IRMP - Substantial				Substantial
Financial Management	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 - Substantial Business Development/Income Generation - Substantial	Financial Transaction Testing – Payroll and Accounts Payable Reserves Strategy - Substantial	Financial transaction testing on payroll and accounts payable. Review of the Service's reserves strategy.	Substantial
Risk Management		IRMP - Substantial				Substantial
Procurement and Contract Management	Review of the contract management arrangements for a sample of key contracts –	Review of the contract management arrangements for a sample of key contracts – Substantial	Contract Management Arrangements - Moderate			Substantial

Appendix 2

Key Risk Area	2018/19 Audit Opinion / Assurance	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	2021/22 Audit Opinion / Assurance	Scope of planned audits 2021/22	Overall Opinion from Previous 3 years work
	Deferred to 2019/20	Procurement – Substantial				
Human Resource Management	Implementation of Core HR - Substantial	Managerial Assessment Programme - Substantial	Workforce Planning - Substantial			Substantial
Asset Management		Asset Management - Substantial	Contract Management Arrangements - Moderate			Substantial
ICT	<p>Review of the cyber security arrangements in place for the service – Moderate</p> <p>Review of the business continuity/disaster recovery arrangements in place for the Service - Substantial</p>		ICT Systems Developments - Moderate			Substantial
Fraud and Corruption	Financial Transactions Testing on Payroll and Accounts	Financial Transactions Testing on Payroll and Accounts	Financial Transactions Testing on Payroll and Accounts	Financial Transactions Testing on Payroll and	Financial transaction testing on payroll and accounts payable.	Substantial

Appendix 2

Key Risk Area	2018/19 Audit Opinion / Assurance	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	2021/22 Audit Opinion / Assurance	Scope of planned audits 2021/22	Overall Opinion from Previous 3 years work
	Payable - Substantial	Payable - Substantial	Payable – Substantial	Accounts Payable		
Information Governance	Compliance with General Data Protection Regulation – Substantial	Compliance with General Data Protection Regulation - Substantial	Compliance with General Data Protection Regulation - Substantial	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			Performance management arrangements	Review of the Service's performance management arrangements	Substantial
Payroll	Financial Transactions Testing on Payroll - Substantial	Financial Transactions Testing on Payroll - Substantial	Transaction Testing – Payroll - Substantial	Transaction Testing – Payroll	Financial transaction testing on payroll	Substantial

Appendix 2

Key Risk Area	2018/19 Audit Opinion / Assurance	2019/20 Audit Opinion / Assurance	2020/21 Audit Opinion / Assurance	2021/22 Audit Opinion / Assurance	Scope of planned audits 2021/22	Overall Opinion from Previous 3 years work
Partnership Working		Review of the contract management arrangements for a sample of key contracts – Substantial				Substantial
Project Management	Implementation of Core HR - Substantial			Project Management Arrangements - Moderate	Review of the Service's project management arrangements	Substantial