

Appendix 1 – Progress against the Internal Audit Plan 2021-22 at 5th November 2021

Audits marked () may be utilised by the external auditor in their annual assessment of the likelihood of material misstatement in the Authority's financial accounts so the detailed scope will be subject to the External Auditor's (EA's) approach*

ToE – terms of engagement

HI – high importance recommendation

Institute of Internal Auditors definitions: -

- The first line of defence – functions that own and manage risk
- The second line of defence – functions that oversee or specialise in risk management, compliance
- The third line of defence – functions that provide independent assurance, including internal audit.

Prior Year Work Completed

As reported to the last Committee, all 20/21 audits have been completed (see below for completeness as this relates to a high importance recommendation)

No.	Category	Auditable area	Potential assurance requirements....	Position at 05/11	Summary recommendations	Opinion
21/3	Internal Control	Key Financial Systems – Reconciliations and Balances (*)	<ul style="list-style-type: none"> Key reconciliations and other agreed in scope processes are undertaken accurately and promptly <p><i>(Note, where applicable this will include follow up of any material internal control weaknesses defined in the International Standard on Auditing (ISA260) report).</i></p>	Final Report Issued	<ul style="list-style-type: none"> Monthly reconciliations should be independently review and evidenced Oncosts salary control account reconciliations are undertaken/imbances investigated (HI) Reconciliations undertaken on a monthly basis Improved procedures for 3rd party reconciliation of deductions Unreconciled Investment Bank Account transactions promptly identified and corrected (HI) Improved procedures for prompt clearing of suspense items Reminding staff re prompt payment of creditors 	Partial

					<ul style="list-style-type: none"> • Improved dept write off procedures • Improved procedures for closing balance transfers • Improved payroll upload procedures 	
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Work completed (to at least draft report issued stage or complete for the financial year)

No.	Category	Auditable area	Potential assurance requirements....	Position at 05/11	Summary recommendations	Opinion
22/6	Internal Control	Key ICT Controls 2020/21 (*)	<ul style="list-style-type: none"> • Robustness and integrity of the ICT infrastructure and associated applications that either directly or indirectly contribute to the production of the financial statements or associated management decision making <p><i>(Note: This is to complete our 20/21 coverage including addressing the high importance</i></p>	Final Report Issued Sept 2021	<p>Improvements recommended in the following areas</p> <ul style="list-style-type: none"> • Annual Performance Reviews • Approval of ICT Strategy and Associated Performance Reporting • Updating/Creation of various Policies/documentation • Asset Information Reconciliation • Recording and Reporting of IT Health Checks • Server Monitoring • Disaster Recovery 	Substantial Assurance

			<p><i>recommendation remaining within the Corporate Governance Committee arena)</i></p> <p>Note: This replaced audit 21/08 in 20/21</p>		<p>Policy/Testing</p> <ul style="list-style-type: none"> • Deletion of disabled network accounts • Identity Management Solution 	
22/8	Internal Control	National Fraud Initiative	<ul style="list-style-type: none"> • To ensure that data requirements are matches identified as part of the 2020/21 NFI submission have all been adequately investigated and concluded and action taken where appropriate. 	Final report issued Aug 2021	<ul style="list-style-type: none"> • Be assured that a segregation of duties existed in the checking of the reports • Ensure any lessons learned/mitigating controls required from the two duplicate payments found are identified and promptly implemented • Seek legal advice regarding recovery of the one outstanding duplicate payment where the vendor is no longer trading • Reaffirm code of conduct procedures and ensure one employee makes a declaration 	No opinion - consulting work
22/9	Internal	Contract	<ul style="list-style-type: none"> • Follow up of partial 	Draft	<ul style="list-style-type: none"> • TBC 	TBC

	Control	Procedure Rules and associated Policies and Processes	<p>assurance report</p> <ul style="list-style-type: none"> Note the degree of detailed testing required for this specific audit means this cannot be absorbed from the allocation of time further below 	Report Issued November 2021		
22/11	Internal Control	Accounts Receivables – BACS Payment Process	<ul style="list-style-type: none"> BACS runs, and Direct Debit payments made are valid, accurate and complete and that they are processed in a timely and secure manner with due regard for segregation of duties. 	Draft Report Issued October 2021	<ul style="list-style-type: none"> TBC 	TBC

Work in progress

No.	Category	Auditable area	Potential assurance requirements....	Position at 05/11	Summary recommendations	Opinion
22/1	Governance	Workshop Services	<ul style="list-style-type: none"> Work undertaken delivers value for money and is undertaken by suitably qualified staff. <p><i>(This audit straddles the two financial years of 20/21 and 21/22)</i></p>	<ul style="list-style-type: none"> Testing nearing completion but has been unavoidably delayed through sickness absence of a key auditee, although at the time of compiling this report, it was understood that the return of this member of staff was imminent and so this audit can be promptly concluded. 	N/A	N/A
22/2	Risk Management	Risk Management Review	<ul style="list-style-type: none"> Continuous improvement of the risk management framework 	<ul style="list-style-type: none"> Terms of Engagement issued 	N/A	N/A

				<ul style="list-style-type: none"> • Testing commenced 		
22/3	Internal Control	Key Financial Systems – Reconciliations and Balances (*)	<ul style="list-style-type: none"> • Key reconciliations and other agreed in scope processes are undertaken accurately and promptly <p><i>(Note, where applicable this will include follow up of any material internal control weaknesses defined in the International Standard on Auditing (ISA260) report).</i></p>	<ul style="list-style-type: none"> • Terms of Engagement issued • Testing commenced early (is due in final quarter) 	N/A	N/A
22/4	Internal Control	Key Financials Payroll (*)	<ul style="list-style-type: none"> • Payroll Starters, leavers and variations to pay are valid and accurately accounted for <p>Note: the service provider changed during 2020-21</p>	<ul style="list-style-type: none"> • Terms of Engagement issued • Testing commenced early (is due in final quarter) 	N/A	N/A
22/5	Internal Control	Key Financials Pensions (*)	To provide assurance regarding operational processes for Fire Fighter Pensions. Topic area(s)	<ul style="list-style-type: none"> • Terms of Engagement issued • Testing 	N/A	N/A

			<p>will be risk assessed and then selected from the following:</p> <ul style="list-style-type: none"> • Starters, leavers and variations to pension are accurately accounted for in respect of pensionable adjustments required. • Contribution banding, pensions increases, and dependants' pension requirements are correctly applied. • To review the validity and accuracy of calculations with regard to payments for new pensions and lump sums <p>Note: the service provider changed during 2020-21</p>	<p>commenced early (is due in final quarter)</p>		
22/7	Internal	ICT Controls	<ul style="list-style-type: none"> • Robustness and integrity 	<ul style="list-style-type: none"> • Terms of 		

	Control	2021/22 (*)	of the ICT infrastructure and associated applications that either directly or indirectly contribute to the production of the financial statements or associated management decision making	Engagement Issued • Testing commenced early to risk assess areas of coverage (is due in final quarter)		
22/10	Internal Control	Segregation of duties within the finance function	• To ensure that an adequate segregation of duties exists within the restructured finance function	• Terms of Engagement Issued • Testing commenced early (is due in final quarter)	N/A	N/A
N/A	Various	High Importance Recs	• Follow up testing of any high importance recommendations within our 19/20 legacy and 20/21 coverage (and any in year high importance recommendations during 21/22) to ensure they have been addressed in a timely manner in order to mitigate risk to an acceptable level.	<u>Key Financials High Recs 19/20 & 20/21</u> Whilst at the date of publication of this report the follow up audit in relation to the legacy Key Financials high importance recommendations remained at draft	N/A	N/A

				<p>status, from our re-testing the following recommendations were, subject to sign off by this committee, found to have either been fully implemented or sufficiently implemented to have reduced the risk to an acceptable level:</p> <ul style="list-style-type: none"> • Responsibility for prompt independent reconciliation of 3rd party payments • Investigation and prompt correction of unmatched items appearing in Unit 4 accounting codes • Retention of evidence of approval to upload payroll values to Unit 4 		
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				<p>The recommendation in respect of the Reconciliation of oncost control accounts could not be closed as addressed.</p> <p>If this final legacy recommendation is not concluded as fully addressed as part of finalisation of the follow up report it will be retested as part of our 21/22 Key Reconciliations and Balances Audit due for completion in quarter 4</p> <p><u>Contract Procedure Rules Recs 19/20</u></p> <p>Report remains at draft, however in order to be satisfied that the high importance</p>		
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				<p>recommendations have been adequately addressed, the following will be required as part of the conversion from draft to final:</p> <ul style="list-style-type: none"> • New contracts are adequately and promptly recorded on the Blue Light Database • Receive evidence that all relevant training for the revised policies and procedures has taken place • Receive more detailed assurance as to how value for money (VFM) is obtained and periodically tested in relation to low individual item level 		
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				<p>spend but high total supplier spend per annum.</p> <p>A further update will therefore be made to the next Committee</p>		
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Audits not started

No.	Category	Auditable area	Potential assurance requirements....	Position at 05/11	Summary recommendations	Opinion
22/12	Various	Emerging Issues	Emerging issues affecting the service e.g. Forge Health, Residual Brexit Issues, Climate Change, New Legislation etc	N/A	N/A	N/A

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Areas of the original plan that will not be undertaken and associated rationale

None specified as yet

Potential Substitute Audits

None specified as yet