

Annex 2 – Summary of work undertaken supporting the HoIAS opinion 2019-20

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.

Work completed

No.	Category	Auditable area	Potential assurance requirements....	Position	Summary recommendations	Assurance
20/1	Governance	General Data Protection Regulation/Data Protection Act Compliance	<p>Control measures defined in the Corporate Risk Register have been/will be implemented in a timely manner</p> <p>Areas being: GDPR Compliance Project, Vulnerable persons Case management software, Automated document and records management software and process.</p>	Final Report Issued	<ul style="list-style-type: none"> • Consider a post implementation review • Continued staff training • Information Governance solution. • Data Protection Impact Assessments • Completion of outstanding tasks • Completion of remaining Fair Processing Notices • Data Protection Clauses within contracts • Embedding of technical controls within systems to ensure compliance. • Subject Access Request logging and associated performance indicators. • Appointment of a Data Protection Officer 	Substantial Assurance

20/4	Risk Management	Contract Procedure Rules	<p>The revised Contract Procedure Rules (approved by the Combined Fire Authority on 12 December 2018) are being complied with.</p> <p><i>(Note: If relevant this audit will also address any outstanding areas from a previous partial assurance procurement audit)</i></p>	Awaiting final responses on draft.	<ul style="list-style-type: none"> • Processes and procedures still need devolving to budget holders (High) • Three of 10 contracts couldn't be located (High) • Duplication of effort between two sets of records (contracts database & blue light contracts database) • Records kept don't align with contract procedure rules re who signed/is responsible for the contract • Samples revealed potential gaps in recording and also significant payments to individual suppliers without contracts (High) 	Partial Assurance
20/5	Internal Control	Key financial systems – Reconciliations and Balances (*)	<p>Key reconciliations and other agreed in scope processes are undertaken accurately and promptly</p> <p><i>(Note, where applicable this will include follow up</i></p>	Final Report Issued	<ul style="list-style-type: none"> • Monthly reconciliation of salaries control account (signed and dated) • Variances investigated and corrected promptly (HI) • Regular confirmation of investment balances held by 	Partial Assurance

			<i>of any material internal control weaknesses defined in the International Standard on Auditing (ISA260) report).</i>		<p>City Council</p> <ul style="list-style-type: none"> • Managers reminded of the importance of prompt payment • Constitutional Debt write off approval processes followed • Review of two differences in opening and closing balances • Evidence retained of timely upload of reconciled pensions and payroll data (HI) 	
20/6 A	Internal Control	Key Financials Payroll (*)	<p>Payroll Starters, leavers and variations to pay are valid and accurately accounted for</p> <p><i>(Note: We will test to provide assurance in respect of prior year findings in the first quarter of 19/20 in addition to the work in the final quarter).</i></p>	Final Report Issued	<ul style="list-style-type: none"> • LFRS staff should summarise the continuing errors (including assessing proportionality and materiality) in order to discuss at the next contractual compliance meeting with EMSS. • Dependent on proportionality and materiality, consideration should be given to more regular contract compliance meetings <p><i>Note: A time virement was approved to allow further testing to be completed in quarter 4. (See job 20/6B below)</i></p>	Partial Assurance
20/6 B	Internal Control	Key Financials Payroll (*)	Payroll Starters, leavers and variations to pay are valid	Final Report Issued	Remains partial due to the number of instances of error.	Partial Assurance

			<p>and accurately accounted for</p> <p><i>(Note: We will test to provide assurance in respect of prior year findings in the first quarter of 19/20 in addition to the work in the final quarter).</i></p>		<p>Recommendations relate to:</p> <ul style="list-style-type: none"> • Recovery of overpayments identified • Agreeing the pension contribution rates of active members to substantive pay. <p>Note: The contract has now been awarded to a new payroll provider with an anticipated live implementation by the Summer 2020</p>	
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20/7	Internal Control	Key Financials Pensions (*)	<p>To provide assurance regarding operational processes for Fire Fighter Pensions. Topic area(s) 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 	Final Report Issued	No recommendations – only one non-material error found	Substantial Assurance
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20/8	Internal Control	ICT controls (*)	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	Final Report Issued	<p>One high importance recommendation from our 17/18 & 18/19 coverage that it still to be fully addressed in relation to implementing a Change Control process through a new IT Service Desk Management Tool due to be implemented in September 2020.</p> <p>Proposed Recommendations from 19-20:</p> <ul style="list-style-type: none"> • Report IT performance/IT Operational Risk logs to Senior Management • Obtaining Cyber Essentials Plus accreditation • Consider an information security risk assessment process for new solutions, changes etc. • Review and update of key ICT Policies • Make suggested improvements to the Southern Fire Station server room 	Partial Assurance
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					<ul style="list-style-type: none"> • Implement new solutions for currently unsupported operating systems • Action the recommendations from the March 2019 and May 2020 penetration tests • Monitor and resolve potential server capacity issues • Investigate and resolve backup failures • Complete of Business Impact Assessments • Remove leavers from the financials application • Review and resolve dormant user accounts • Review supplier access accounts with no password expiry date • Review generic accounts set up for the Active Directory and Unit 	
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					<p>4 Business World and delete where no longer required</p> <ul style="list-style-type: none"> • Produce and report against a timetable for implementation of the new service desk management tool • Develop and embed an IT change and control process– to be incorporated into the service management tool above (HI) <p>Note final point remains in the Committee arena from previous years due to delays in implementing the service desk solution.</p>	
20/9	Internal Control	National Fraud Initiative	To ensure that matches identified as part of the 2018/19 NFI submission have all been adequately investigated and concluded and action taken where appropriate.	Draft report issued		N/A
20/11 A	Governance	Emerging Issues - Contract	To ensure key areas of the contract are complied with and adequate monitoring	Advisory work for 19/20	N/A	N/A

		Compliance	and remedial action takes place	completed Work will continue into 20/21 Note: work was always due to straddle two financial years		
N/A	Governance	Ad-hoc Advice	Advice issued in respect of an Acceptable Usage Policy	Advice Issued	Advice issued covered constraints and practices that a user must agree to for areas such as email, intranet (including personal use), use of storage devices, mobile & flexible working and access control. Advice also issued in relation to System Governance Policies and Procedures.	N/A

Areas of the original plan that were not undertaken and associated rationale

No.	Category	Auditable area	Potential assurance requirements....	Position	Rationale	Assurance
20/2	Risk Management	Risk Management	Risk Management procedures at an operational level (within Team Plans) are sufficiently robust	Terms of engagement issued	Testing did not commence due to COVID restrictions on access – work to be completed from 20/21 contingency subject to risk assessment and discussion with the service	N/A
20/3	Risk Management	HMICFRS Audit	To ensure that work is being undertaken to address areas identified internally as needing additional actions as part of the initial assessment process (this work to be undertaken prior to Tranche 2 results being made public in June 2019)	Not started as the results were known to the service at a very early stage and therefore a re-scoping and re timetabling of any audit work will be partially dependent on the report tabled as a separate agenda item at this meeting.	Senior Management, Committee Scrutiny and Her Majesty's Inspectorate fulfilling first, second and third lines of defence respectively.	N/A

20/10	Internal Control	HMICFRS Audit – Key Assurance Areas	<ul style="list-style-type: none"> • Assurance that key activities and processes are operating correctly and in accordance with best practice. • Area(s) of assurance will be in respect of a selection from the following: <ul style="list-style-type: none"> • Fire Prevention and Detection Activities • Learning from Incidents • Joint Emergency Services Interoperability Principles • Competency based training and associated reporting • Talent Management & Promotion Processes 	Not started as the results were known to the service at a very early stage and therefore a re-scoping and re timetabling of any audit work will be partially dependent on the report tabled as a separate agenda item at this meeting.	Senior Management, Committee Scrutiny and Her Majesty's Inspectorate fulfilling first, second and third lines of defence respectively.	N/A
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