

Appendix 1 – Progress against the Internal Audit Plan 2021-22 at 25th August 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

No.	Category	Auditable area	Potential assurance requirements....	Position at 25/08	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 Improved dept write off procedures Improved procedures for 	Partial

					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 25/08	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 recommendation remaining within the Corporate Governance</i></p>	Draft report issued 22 June 2021 Response still awaited	Note: As reported to the July Committee as part of the Head of Internal Audit Annual Report – The legacy high importance recommendation in respect of robust Change Control Arrangements has been satisfactorily tested and addressed as part of this work.	N/A

			Committee arena) Note: This replaced audit 21/08 in 20/21			
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	<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

Work in progress

No.	Category	Auditable area	Potential assurance requirements....	Position at 25/08	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 	N/A	N/A
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"> Draft Terms of Engagement completed – can only be agreed with client once legacy high rec and 20/21 Key Financial Systems work has been retested. <p>Work to commence in final quarter</p>	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"> • Draft terms of engagement with client to sign off <p>Work to commence in final quarter</p>	N/A	N/A
22/5	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. 	<ul style="list-style-type: none"> • Draft terms of engagement with client to sign off <p>Work to commence in final quarter</p>	N/A	N/A

			<ul style="list-style-type: none"> 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>			
22/7	Internal Control	ICT Controls 2021/22 (*)	<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 	<ul style="list-style-type: none"> Draft terms of engagement with client to sign off <p>Work to commence in final quarter</p>		
22/9	Internal Control	Contract Procedure Rules and associated Policies and Processes	<ul style="list-style-type: none"> Follow up of partial assurance report Note the degree of detailed testing required for this specific audit 	<ul style="list-style-type: none"> Testing being undertaken <p>(Slight delay due to summer leave overlaps between</p>		

			means this cannot be absorbed from the allocation of time further below	auditor and client)		
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. 	<ul style="list-style-type: none"> Testing in progress 	N/A	N/A
N/A	Various	High Importance Recs	<ul style="list-style-type: none"> 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. 	<p><u>Key Financials High Recs 19/20 & 20/21</u></p> <p>Work in progress to follow up high importance recommendations from 19/20 and 20/21 Key Financials coverage</p> <p><u>Contract Procedure Rules Recs 19/20</u></p> <p>Work nearing completion in respect</p>	N/A	N/A

				of Contract Procedure Rules legacy partial assurance – covered within job		
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Audits not started

No.	Category	Auditable area	Potential assurance requirements....	Position at 25/08	Summary recommendations	Opinion
22/2	Risk Management	Risk Management Review	<ul style="list-style-type: none"> Continuous improvement of the risk management framework 	N/A	N/A	N/A
22/10	Internal Control	Segregation of duties within the finance function	<ul style="list-style-type: none"> To ensure that an adequate segregation of duties exists within the restructured finance function 	Not due to commence until Final Quarter	N/A	N/A
22/12	Various	Emerging Issues	Emerging issues affecting the service e.g. Forge Health, Residual Brexit Issues, Climate Change, New Legislation	N/A	N/A	N/A

			etc			
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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