

## Annex 2 – IA work supporting the HoIAS opinion 2020-21

*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 (to at least draft report issued stage or complete for the financial year)**

No.	Category	Auditable area	Potential assurance requirements....	Position at 23/06	Summary recommendations	Opinion
21/2	Risk Management	Contract Compliance – Systel - Fire Control Mobilising System	<ul style="list-style-type: none"> <li>• Robust contract management and compliance is in place to mitigate risk to an acceptable level</li> </ul>	<ul style="list-style-type: none"> <li>• Advisory Work complete</li> </ul>	N/A	N/A
21/3	Internal Control	Key Financial Systems – Reconciliations and Balances (*)	<ul style="list-style-type: none"> <li>• Key reconciliations and other agreed in scope processes are undertaken accurately and promptly</li> </ul> <p>(Note, where applicable this will include follow up of any material internal control weaknesses defined in the International Standard on Auditing (ISA260) report).</p>	Draft report issued.	Awaiting confirmation of acceptance of the recommendations	TBC
21/4	Internal Control	Key Financials Payroll (*)	<ul style="list-style-type: none"> <li>• Payroll Starters, leavers and variations to pay are valid and accurately accounted for</li> <li>•</li> </ul>	Final Report Issued.	Seek confirmation from the payroll provider than one non-material system error found during the audit has been rectified and no similar errors	Substantial Assurance

					<p>have been found that require correction.</p> <p>Our substantial assurance rating meant that we were able to close off the recommendations associated with the level of errors found with the previous payroll provider.</p> <p><i>Note: Work could not commence until at least November 2020 to allow enough testing periods from the current financial year in order to provide a representative 20/21 sample.</i></p>	
21/5	Governance	Payroll Replacement	To provide on-going advice throughout the project lifecycle especially data migration plans	Final Report Issued	<p>Areas raised and areas for future consideration:</p> <ul style="list-style-type: none"> <li>• Need for review of 'As is' processes</li> <li>• Issue with Segregation of Duties identified – resolved at the close of the audit (e.g. an officer had HR input rights and Authoriser rights)</li> <li>• Need for documenting of User Acceptance Testing</li> <li>• Need for documenting of</li> </ul>	N/A - Advisory

					<p>Project meetings</p> <ul style="list-style-type: none"> <li>• Update and sign off of the Business Continuity Plan</li> <li>• General Ledger interface file issue (resolved at the close of the audit)</li> <li>• Process to be developed on maintaining consistency between information on Firewatch and ITrent in relation to Occupancy Post Reference Numbers</li> </ul>	
21/6	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"> <li>• Starters, leavers and variations to pension are accurately accounted for in respect of pensionable adjustments required.</li> <li>• Contribution banding, pensions increases, and dependants' pension requirements are correctly</li> </ul>	Final Report Issued	<ul style="list-style-type: none"> <li>• Two recommendations in respect of resolving a current issue with the Pension Administrator as to whether payment should be in advance or arrears (known to affect three distinct individuals, but also need to confirm rules for any future payments)</li> <li>• Resolving a specific issue regarding an overpayment of pension (circa £3k)</li> <li>• Two recommendations to consider strengthening the rules surrounding payments to</li> </ul>	Substantial Assurance

			<p>applied.</p> <ul style="list-style-type: none"> <li>• To review the validity and accuracy of calculations with regard to payments for new pensions and lump sums</li> </ul>		<p>child dependents if evidence of continued eligibility is outstanding and/or life certificates not returned</p> <ul style="list-style-type: none"> <li>• Ensure the Pensions Administrator is aware of and contractually required to checking continued entitlement of dependents pension due to disability.</li> </ul> <p><i>Note: Work could not commence until February 2021 both to allow enough testing periods from the current financial year in order to provide a representative 20/21 sample and to enable the work to be undertaken in conjunction with the new providers.</i></p>	
21/7	Governance	Pensions Replacement	<ul style="list-style-type: none"> <li>• To provide on-going advice through the project lifecycle especially data migration plans</li> </ul>	Advisory work completed for 20/21.	<p>Work completed for 20/21 has involved reviewing:</p> <ul style="list-style-type: none"> <li>• Project Initiation Document (PID)</li> <li>• Data Questionnaire (<i>review</i></li> </ul>	N/A - Advisory

					<p><i>document and provide wording for the audit section)</i></p> <ul style="list-style-type: none"> <li>• Data <u>Transfer</u> Questionnaire</li> <li>• Risks and Issues log</li> <li>• Project Plan</li> <li>• Stakeholder Analysis document</li> </ul> <p>In addition, advice issued re retention of Project Board minutes and evidence of testing undertaken</p> <p>The final stage of the work will be a retrospective post implementation review in Quarter One of 2021/22</p>	
21/8	Internal Control	ICT controls (*)	<ul style="list-style-type: none"> <li>• 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</li> </ul>	Draft Report issued	<p>A number of recommendations have been made, however none of these are deemed high risk.</p> <p>Additionally, upon completion of the Change Control testing we are able to close off this HI recommendation.</p>	TBC

21/9	Internal Control	National Fraud Initiative	<ul style="list-style-type: none"> <li>To ensure that data requirements and matches identified as part of the 2020/21 NFI submission have all been adequately investigated and concluded and action taken where appropriate.</li> </ul>	Complete for 2020/21	<p>Work complete for 2020/21.</p> <p>NFI output reports have now been received back from the Cabinet Office and have been distributed to key officers within the service for further investigation.</p> <p>Findings will be reported on 2021/22.</p>	N/A
21/10	Risk management	Emerging Issues	<p>Emerging issues</p> <p>As agreed at September 2020 Committee, time was used for the following audit:</p> <p><u>Covid-19 IT Assurance</u></p> <ul style="list-style-type: none"> <li>Remote Access and Security</li> <li>Network Performance and Capacity Management</li> <li>Access Management</li> <li>Cyber Security Risks</li> </ul>	Final advisory report with client for feedback with no significant issues identified to date	<p>Recommendations related to:</p> <ul style="list-style-type: none"> <li>Procurement of a new Wide Area Network (WAN) supplier</li> <li>Reminders re how to keep data secure when working remotely and associated technology</li> <li>Patching of standalone devices</li> <li>Patching of Firewatch between upgrades</li> <li>Recording ICT peripherals that have been taken offsite</li> </ul>	N/A - Advisory

			<ul style="list-style-type: none"> <li>• Patching</li> <li>• Collaboration Tools</li> <li>• Asset Management</li> <li>• Change Control</li> <li>• IT expenditure monitoring</li> </ul>		<ul style="list-style-type: none"> <li>• Interfacing Microsoft Outlook meeting requests &amp; the Service Desk Management Tool</li> <li>• Document and circulate the new change control process</li> </ul>	
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Work in progress

No.	Category	Auditable area	Potential assurance requirements....	Position at 23/06	Summary recommendations	Opinion
21/1	Governance	Workshop Services	<ul style="list-style-type: none"> <li>• Work undertaken delivers value for money and is undertaken by suitably qualified staff.</li> </ul>	Terms of engagement being agreed, and testing records being obtained	N/A – Work in Progress but complete for 20/21  <i>(Work will straddle two financial years)</i>	N/A
N/A	Various	High Importance Recs	<ul style="list-style-type: none"> <li>• Follow up testing of any high importance recommendations within our 19/20 coverage (and any in year high importance recommendations during 20/21) to ensure they have been addressed in a timely manner in order to mitigate risk to an acceptable level.</li> </ul>	<u>Key ICT Controls</u> See 21/8 above  <u>Key Controls Payroll</u>  See 21/4 above  <u>Key Financials</u>  Unable to lift this high importance recommendation and more testing will be undertaken once recommendations from our 20/21 Key	N/A	N/A

				<p>Financial coverage (currently in draft - ref 21/3) have been accepted and dates for implementation agreed</p> <p><u>Contract Procedure Rules</u></p> <p>As agreed by this Committee in September, due to the longer lead time for remedial action, this partial assurance report would not be followed up until March 2021 – however this will now be completed in quarter 1 2021/22 as whilst considerable progress has been made by the service, it is not at the stage where audit sign off can be completed.</p>		
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**Jobs not started**

None

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

None specified – note the jobs that will straddle two financial years though.

**Potential Substitute Jobs -**

None specified as yet