

## Appendix 1 – Progress against the Internal Audit Plan 2018-19 at 8<sup>th</sup> January 2019

*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)**

| No.  | Category   | Auditable area         | Potential assurance requirements....  | Position at 08/01  | Summary recommendations   | Opinion                |
|------|------------|------------------------|---|--|---|------------------------|
| 19/1 | Governance | Performance Monitoring | <ul style="list-style-type: none"> <li>High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner</li> <li>Work will focus on testing that the Corporate and Integrated Risk Management Plan (IRMP) 2016-2020 has been reviewed and reporting of progress against it has been established</li> </ul> | <p>Final Report Issued</p> <p>As stated previously, from the work undertaken the Head of Internal Audit Service is satisfied that the high importance recommendation has been addressed.</p> | <p>High importance recommendations lifted.</p> <p>Approval of LFRS 'Our Plan 2018-2021' through the Combined Fire Authority.</p> <p>Standardised planning templates for all Departmental plans</p> <p>Ensure consistency in SMT reporting to align with each Priority and related outcome.</p> <p>Strengthened reporting to Senior Management Team by Area Managers to clearly demonstrate the progress against the five priority outcomes.</p> <p>Strengthening reporting to Corporate Governance Committee of progress v LFRS 'Our Plan 2018-2021'.</p> | Revised to Substantial |

|      |            |  |  |              |  |                        |
|------|------------|--|--|--------------|--|------------------------|
| 19/2 | Governance | Declaration of Interests/Gifts and Hospitality | <ul style="list-style-type: none"> <li>• High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner</li> <li>• Work will focus on testing of ownership, update, publication of policies and compliance with requirements and associated authorisation.</li> </ul> | Final Issued | <p>High importance recommendations lifted.</p> <p>Two minor improvements to policy.</p> <p>Cases found as part of the NFI exercise to be concluded by the Service</p> <p>Decisions required in respect of any publishing desires for transparency purposes.</p> <p>Decisions required in respect of the degree of Committee oversight desired.</p> | Revised to Substantial |
| 19/3 | Governance | General Data Protection Regulation (GDPR)      | <ul style="list-style-type: none"> <li>• Readiness for compliance</li> </ul>   | Final Issued | <p>Budget information in project documentation</p> <p>Lessons learned</p> <p>Communications plan</p> <p>E-learning training</p> <p>Robust Asset Register</p> <p>Retention Schedules</p> <p>Contract clauses</p> <p>Policy Updates</p>  | Substantial            |

|      |          |                            |  |              |   |     |
|------|----------|----------------------------|--|--------------|---|-----|
| 19/4 | Risk Mgt | HMICFRS<br>Readiness Audit | <ul style="list-style-type: none"> <li>• Readiness to comply with Her Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS) inspection process</li> </ul>  | Draft Issued | <ul style="list-style-type: none"> <li>• Red and Amber graded elements of the dashboard should be assigned to appropriate personnel</li> <li>• improve resilience in areas internally identified as a weakness</li> <li>• Two recommendations in respect of governance re progress v action plan monitoring and reporting</li> </ul>  | TBC |
| 19/5 | Risk Mgt | Procurement                | <ul style="list-style-type: none"> <li>• High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner</li> <li>• Work will focus on testing revised Governance, value for money, approved suppliers and valid contracts.</li> </ul> | Draft Issued | <p>Report remains in draft format'</p> <p>Work completed:</p> <ul style="list-style-type: none"> <li>• Rules and policy addressed</li> <li>• Ownership and training addressed</li> </ul> <p>Work in progress:</p> <ul style="list-style-type: none"> <li>• Review spend and any associated contracts</li> <li>• Ensure existing contracts are all signed</li> <li>• Publish an up to date contracts register</li> </ul> | TBC |

|      |                  |                            |  |               |  |                   |
|------|------------------|----------------------------|--|---------------|--|-------------------|
| 19/6 | Internal Control | Key financial systems (*)  | <ul style="list-style-type: none"> <li>• Financial management including areas such as reconciliation procedures, suspense accounts, journals, bank reconciliation</li> <li>• Payables</li> <li>• Receivables including debt recovery</li> <li>• Treasury management</li> </ul> | Draft Issued. | <p>The correct bank balance figure to use when reconciling the Investment Account.</p> <p>To remind staff of their responsibilities in relation to the prompt approval of invoices through Agresso</p>   | TBC               |
| 19/7 | 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> </ul>   | Final Issued  | <p>The 'Partial Assurance' rating predominantly focused around the number of instances of errors found in relation to the payroll processing by the payroll provider, with the following recommendations resulting:</p> <p>Hold high level discussions with the payroll provider regarding the issues encountered (relating to both pay and pension) and to seek assurances that remedial action required will be taken to minimise the risk of future errors.</p> | Partial Assurance |

|      |                  |                             |   |              |   |                       |
|------|------------------|-----------------------------|---|--------------|---|-----------------------|
|      |                  |                             |   |              | <p>Consider increasing the frequency of internal checking to identify potential salary errors on a more regular basis</p> <p>Consider undertaking an audit of contribution rates.</p>           |                       |
| 19/8 | Internal Control | Key Financials Pensions (*) | <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 dependents pension requirements are correctly applied.</li> </ul> | Final Issued | To discuss with Pension Administration if details of contributions deducted can be omitted for pension scheme membership where they are not subsequently used for pension benefit calculations. | Substantial Assurance |

|       |                  |  |  |               |  |                        |
|-------|------------------|--|--|---------------|--|------------------------|
| 19/11 | Governance       | Fire-fighter Pensions – Roles & Responsibilities | <ul style="list-style-type: none"> <li>• High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner</li> <li>• Work will focus on testing roles and responsibilities and associated training</li> </ul> | Final Issued  | <p>High importance recommendation lifted.</p> <p>Recommendations are:</p> <ul style="list-style-type: none"> <li>• Continued atomisation of business processes</li> <li>• Continuous training of all staff involved in the process</li> <li>• Continuous review of documentation to ensure it remains fit for purpose</li> </ul> | Revised to Substantial |
| 19/12 | Internal Control | Fire-fighter Pensions – Pensions Calculations    | <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>   | Final Issued. | N/A – No recommendations made  | Full Assurance         |

Work in progress

| No.  | Category         | Auditable area   | Potential assurance requirements....   | Position at 08/01  | Summary recommendations | Opinion |
|------|------------------|------------------|--|--|-------------------------|---------|
| 19/9 | Internal Control | ICT controls (*) | <ul style="list-style-type: none"> <li>• High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner</li> <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> | <p>One high importance recommendation from previous audit has been addressed and the second one is work in progress and currently will adhere to implementation date.</p> <p>Terms of Engagement approved and risk assessment of areas to address currently being completed.</p> <p>Some areas of testing completed.</p> | WIP                     | TBC     |



|       |                  |                           |   |  |   |     |
|-------|------------------|---------------------------|---|--|---|-----|
| 19/10 | Internal Control | National Fraud Initiative | <ul style="list-style-type: none"> <li>To ensure that requisite data is submitted in a timely manner and matches from data submitted in 18/19 have been issued for investigation</li> </ul> | <ul style="list-style-type: none"> <li>Required data sets (reports) were produced and issued to the Cabinet Office in adherence with the October deadline</li> <li>The next stage is the receipt and subsequent issue of matches/potential matches in Jan 2019 onwards – reports to be released on 31 Jan 2019.</li> </ul> | Note: This will always be work in progress in 18/19 as the work straddles two financial years (18/19 & 19/20) | N/A |
|-------|------------------|---------------------------|---|--|---|-----|

**Jobs not started**

N/A All jobs either complete or work in progress

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

None as at 8 January 2019

**Potential Substitute Jobs**

| <b><u>No.</u></b> | <b><u>Category</u></b> | <b><u>Auditable area</u></b> | <b><u>Potential assurance requirements....</u></b>  | <b><u>Position at 08/01</u></b>  | <b><u>Summary recommendations</u></b> | <b><u>Opinion</u></b> |
|-------------------|------------------------|------------------------------|---|--|---------------------------------------|-----------------------|
| N/A               | Governance             | Constitution                 | <ul style="list-style-type: none"> <li>Revisions to the Constitution are appropriately applied at an operational level – likely to focus on any changes to local budget monitoring</li> </ul> | N/A - Only ever a potential substitute job – included here for completeness and transparency | N/A                                   | N/A                   |
| N/A               | Governance             | ICT Modernisation            | <ul style="list-style-type: none"> <li>Projects (selected from sample) are appropriately managed</li> </ul>   | N/A - Only ever a potential substitute job – included here for completeness and transparency | N/A                                   | N/A                   |

|     |                 |                              |  |  |     |     |
|-----|-----------------|------------------------------|--|--|-----|-----|
| N/A | Risk Management | Vehicle Fleet Tax Compliance | <ul style="list-style-type: none"> <li>Independent consultancy advice has been correctly followed</li> </ul> | N/A - Only ever a potential substitute job – included here for completeness and transparency | N/A | N/A |
|-----|-----------------|------------------------------|--|--|-----|-----|