

## Appendix 1 – Progress against the Internal Audit Plan 2019-20 at 30<sup>th</sup> October 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 30/10   | Summary recommendations   | Opinion           |
|-----------|------------------|---|---|---------------------|---|-------------------|
| 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> | Draft Report Issued | N/A – Response awaited  | N/A               |
| 20/6<br>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</i></p>                                   | Final Report Issued | <p>LFRS staff should summarise the continuing errors (including assessing proportionality and materiality) in order to discuss at the next contractual compliance meeting with EMSS.</p> <p>Dependent on proportionality and materiality,</p> | Partial Assurance |

|      |                  |                           |   |                       |   |     |
|------|------------------|---------------------------|---|-----------------------|---|-----|
|      |                  |                           | <i>work in the final quarter).</i>  |                       | consideration should be given to more regular contract compliance meetings<br><br><i>Note: A time virement was approved to allow further testing to be completed in quarter 4. (See job 20/6B below)</i>              |     |
| 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 produced | N/A – One area still to be addressed and has been delayed due to long term sickness/retirement resulting in the Area Manager - Finance and Information Communication Technologies dealing with the outstanding query. | N/A |
| 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.           | N/A |

**Work in progress**

| No.  | Category         | Auditable area                                       | Potential assurance requirements....  | Position at 30/10   | Summary recommendations | Opinion |
|------|------------------|--|---|---|-------------------------|---------|
| 20/2 | Risk Management  | Risk Management                                      | Risk Management procedures at an operational level (within Team Plans) are sufficiently robust  | Terms of engagement drafted – work due quarter 3                              | N/A                     | N/A     |
| 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> | Terms of engagement issued – currently awaiting response (work due quarter 3) | N/A                     | N/A     |
| 20/5 | Internal Control | Key financial systems – Reconciliations and Balances | Key reconciliations and other agreed in scope processes are undertaken accurately   | Terms of Engagement sent to client for agreement and incorporation of         |                         |         |

|           |                  |                            |   |   |     |     |
|-----------|------------------|----------------------------|---|---|-----|-----|
|           |                  | (*)                        | <p>and promptly</p> <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>   | <p>relevant findings from 19/20 External Audit work prior to being discussed with both the External Auditor and the Treasurer</p> <p><i>Note: Work cannot commence until December 2019 to allow enough testing periods from the current financial year in order to provide a representative 19/20 sample.</i></p> |     |     |
| 20/6<br>B | 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> | Testing commenced but cannot be completed until Q4  | N/A | N/A |

|      |                  |                             |  |   |     |     |
|------|------------------|-----------------------------|--|---|-----|-----|
| 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> <p>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.</p> <p>To review the validity and accuracy of calculations with regard to payments for new pensions and lump sums</p> | Testing complete – report currently being compiled  | N/A | N/A |
| 20/8 | Internal Control | ICT controls (*)            | Robustness and integrity of the ICT infrastructure and associated applications that either directly or indirectly contribute to  | <p>Draft Terms of Engagement with Client for agreement</p> <p><i>Note: Work cannot commence until</i></p> |     |     |

|         |            |                     |   |  |  |  |
|---------|------------|---------------------|---|--|--|--|
|         |            |                     | the production of the financial statements or associated management decision making                           | <i>November 2019 to allow enough testing periods from the current financial year in order to provide a representative 19/20 sample.</i>                            |  |  |
| 20/11   |            | Emerging Issues     | Emerging issues affecting the service e.g. Response to Grenfell, Integrated Risk Management Plan etc          | Two additional pieces of work being undertaken as follows:<br><br>Key Financials<br>Additional Testing (Job 20/6 B)<br><br>Contract Compliance Audit (Job 20/11 A) |  |  |
| 20/11 A | Governance | Contract Compliance | To ensure key areas of the contract are complied with and adequate monitoring and remedial action takes place | Work currently being scoped to focus on a specific large contract  |  |  |

**Jobs not started**

| No.   | Category         | Auditable area                      | Potential assurance requirements....  | Position at 30/10  | Summary recommendations | Opinion |
|-------|------------------|-------------------------------------|---|--|-------------------------|---------|
| 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. |                         |         |
| 20/10 | Internal Control | HMICFRS Audit – Key Assurance Areas | Assurance that key activities and processes are operating correctly and in accordance with best practice.<br>Area(s) of assurance will be in respect of a selection from the following:<br><br>Fire Prevention and Detection Activities       | 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. |                         |         |



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|--|--|--|--|--|--|--|
|  |  |  | <p>Learning from Incidents</p> <p>Joint Emergency Services Interoperability Principles</p> <p>Competency based training and associated reporting</p> <p>Talent Management &amp; Promotion Processes</p> <p>Welfare &amp; Wellbeing</p> <p>(Further discussions will determine subject areas, scope and approach)</p> |  |  |  |
|--|--|--|--|--|--|--|

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

None specified as yet