

## Appendix 1 – Progress against the Internal Audit Plan 2019-20 at 1<sup>st</sup> September 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 01/09	Summary recommendations	Opinion
20/6 A	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> <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"> <li>LFRS staff should summarise the continuing errors (including assessing proportionality and materiality) in order to discuss at the next contractual compliance meeting with EMSS.</li> <li>Dependent on proportionality and materiality, consideration should be given to more regular contract compliance meetings</li> </ul> <p><i>Note: A time virement should be considered to allow further testing to be completed in quarter 4.</i></p>	Partial Assurance
20/9	Internal Control	National Fraud Initiative	<ul style="list-style-type: none"> <li>To ensure that matches identified as part of the 2018/19 NFI submission have all been adequately investigated and concluded and action</li> </ul>	Draft report produced	N/A	N/A

			taken where appropriate.			
N/A	Governance	Ad-hoc Advice	<ul style="list-style-type: none"> <li>Advice issued in respect of an Acceptable Usage Policy</li> </ul>	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 01/09	Summary recommendations	Opinion
20/1	Governance	General Data Protection Regulation/Data Protection Act Compliance	<ul style="list-style-type: none"> <li>Control measures defined in the Corporate Risk Register have been/will be implemented in a timely manner</li> </ul> <p>Areas being: GDPR Compliance Project, Vulnerable persons Case management software, Automated document and records management software and process.</p>	Terms of engagement agreed, and testing commenced	N/A	N/A
20/2	Risk Management	Risk Management	<ul style="list-style-type: none"> <li>Risk Management procedures at an operational level (within Team Plans) are sufficiently robust</li> </ul>	Terms of engagement being drafted – work due quarter 3	N/A	N/A
20/4	Risk Management	Contract Procedure	<ul style="list-style-type: none"> <li>The revised Contract Procedure Rules</li> </ul>	Terms of engagement being drafted – work	N/A	N/A

		Rules	(approved by the Combined Fire Authority on 12 December 2018) are being complied with.  <i>(Note: If relevant this audit will also address any outstanding areas from a previous partial assurance procurement audit)</i>	due quarter 3		
20/5	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> <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>Terms of Engagement sent to client for agreement and incorporation of 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</i></p>		

				<i>sample.</i>		
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"> <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 applied.</li> <li>• To review the validity and accuracy of calculations with regard to payments for new pensions and lump sums</li> </ul>	<p>Scoping exercise being undertaken in conjunction with the scheme manager.</p> <p><i>Note: Work cannot commence until January 2020 to allow enough testing periods from the current financial year in order to provide a representative 19/20 sample.</i></p>		
20/8	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</li> </ul>	<p>Draft Terms of Engagement with Client for agreement</p> <p><i>Note: Work cannot</i></p>		

			contribute to the production of the financial statements or associated management decision making	<i>commence until 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	<ul style="list-style-type: none"> <li>Emerging issues affecting the service e.g. Response to Grenfell, Integrated Risk Management Plan etc</li> </ul>	Scoping exercise currently being completed in conjunction with the service.		

**Jobs not started**

No.	Category	Auditable area	Potential assurance requirements....	Position at 01/09	Summary recommendations	Opinion
20/3	Risk Management	HMICFRS Audit	<ul style="list-style-type: none"> <li>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</li> </ul>	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 is		

			undertaken prior to Tranche 2 results being made public in June 2019)	currently being discussed with the Management Team in conjunction with the Treasurer.		
20/10	Internal Control	HMICFRS Audit – Key Assurance Areas	<ul style="list-style-type: none"> <li>• Assurance that key activities and processes are operating correctly and in accordance with best practice.</li> <li>• Area(s) of assurance will be in respect of a selection from the following: <ul style="list-style-type: none"> <li>• Fire Prevention and Detection Activities</li> <li>• Learning from Incidents</li> <li>• Joint Emergency Services Interoperability Principles</li> <li>• Competency based training and associated reporting</li> </ul> </li> </ul>	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 is currently being discussed with the Management Team in conjunction with the Treasurer.		



			<ul style="list-style-type: none"> <li>• Talent Management &amp; Promotion Processes</li> <li>• Welfare &amp; Wellbeing</li> </ul> <p>(Further discussions will determine subject areas, scope and approach)</p>			
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**Areas of the original plan that will not be undertaken and associated rationale**

None specified as yet

**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 01/09</u></b>	<b><u>Summary recommendations</u></b>	<b><u>Opinion</u></b>
20/6 B	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>	Seeking virement to be able to repeat testing in quarter 4 as a result of not being able to lift the partial assurance from Q1 testing.	N/A	N/A