Appendix 1 – Progress against the Internal Audit Plan 2017-18 at 11th January 2018

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 11/01	Summary recommendations	Opinion
18/2	Governance	Performance Monitoring	Performance measurement and timely and accurate reporting against the six key corporate strategies (supporting six corporate aims) of the 'Towards 2020' Corporate and Integrated Risk Management Plan (IRMP) – work to focus on dashboard reporting	Final Issued	The Corporate and Integrated Risk Management Plan (IRMP) 2017-2020 should be reviewed updated and approved **(HI)**. Arrangements for reporting progress against the IRMP (to CFA or CGC) should be specified The Corporate Strategies should be reviewed, updated and published and aligned to the IRMP. Review Planning Process guidance.	Partial Assurance

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Summary recommendations	Opinion
18/3	Governance	Declaration of Interests/Gifts and Hospitality	Policies and procedures are appropriately operated	Final issued	Gifts & Hospitality Ownership, update and strengthening of procedures Periodic reminders to ensure used Declarations of Interest: Standardise and update policies Issue annual reminder to declare interests Review cases found in national fraud initiative work that should have been declared. Both policies: Decide whether to publish the information (transparency) Agree reporting to Committee	Partial Assurance

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Summary recommendations	Opinion
18/4	Governance	General Data Protection Regulation (GDPR)	Readiness for compliance	Final issued	Update project documentation to reflect the budget forecast for the project along with any resourcing requirements prior to management sign off. Decide project governance arrangements e.g. Project Board. Produce a report against a detailed project plan. Consider reviewing Insurance arrangements Decide how the role of a Data Protection Officer will be fulfilled. Score the risk of non-compliance to see if the risk should be included in the Corporate Risk Register.	Substantial Assurance

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Summary recommendations	Opinion
18/5	Governance	Transparency Reporting	Requirements of the Transparency Code are complied with	Final issued	Define overall ownership of role Implement areas identified within the audit review	Substantial Assurance
18/10	Risk Management	Risk Management Framework	Continuous improvement in the risk management framework.	Final issued	A number of actions were taken prior to the production of the draft report by the Corporate Risk Manager in response to audit findings. Other recommendations with longer implementation timeframes include: - Regularly review Risk Management Policy and Procedure and involve Corporate Governance Committee (CGC). Provide training to CGC on LFRS Risk Management Framework Align risks in the IRMP and related Core Strategies with the Organisational Risk Register (ORR).	Substantial Assurance

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Summary recommendations	Opinion
18/12	Risk Management	Procurement	The approach to commissioning and procurement Maintenance of procurement and contracts register Maximising collaboration opportunities	Final Issued	Ownership, review, update and periodic refresh of Contract Procurement Rules and the Procurement Policy together with associated communications and training Consistent application to ensure that value for money is maximised by adequately trained staff in accordance with any revised thresholds and contracts lengths applied.	Partial Assurance
18/13	Internal Control	Key financial systems (*)	Financial management including areas such as reconciliation procedures, suspense accounts, bank reconciliation, Receivables including debt recovery, creditors prompt payments, General Ledger Payroll feeds and Opening and Closing Balances	Draft Issued	TBC	Substantial Assurance

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Summary recommendations	Opinion
18/16	Internal Control	Expenses	Expenses claimed are in accordance with policy	Final Issued	Detail reported November 2017	Substantial Assurance
18/17	Internal Control	National Fraud Initiative	To ensure that matches from data submitted in 16/17 have been investigated and action taken where appropriate	Final Issued	Management sign off of results Review four cases in more detail to be satisfied regarding value for money, no undue influence took place, the potential conflict is retrospectively declared and appropriate controls are in place Decide if any appetite to investigate any/all matches below the generous thresholds set.	N/A Consultancy
18/18	Governance	Fire-fighter Pensions – Roles & Responsibilities	Review of any changes to the roles and responsibilities across LFRS, Payroll, the scheme Manager, the Pensions Administrator and the Local Pensions Scheme Board	Final Issued	Detail reported November 2017	N/A Consultancy

Work in progress

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Summary recommendations	Opinion
18/14	Internal Control	Key Financials Payroll (*)	Payroll Starters, Leavers & Variations Contribution Bandings	Testing nearing completion**.**		
18/15	Internal Control	ICT controls (*)	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	Testing nearing completion.		
18/20	Internal Control	Pensions Calculations	Two terms of Engagement sent to client and coverage agreed in respect of: 1) joint audit related coverage 2) specific calculations work	Testing nearing completion.		

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Summary recommendations	Opinion
18/21	High Importance Recommendations	Follow up testing of any high importance recommendations to ensure they have been addressed in a timely manner in order to mitigate risk to an acceptable level.	Follow up testing of any high importance recommendations to ensure they have been addressed in a timely manner in order to mitigate risk to an acceptable level.	Two follow up pieces: Brigade Management's compliance with appropriate conditions of service, policies and procedures (17/15) – completed with no further recommendations Fire-fighter Pensions – Roles & Responsibilities (18/18) – postponed – this could not be followed up until December 2017 – however training from the Pensions Section though imminent has not been received yet – with this in mind, the work will be followed up in the first quarter of 18/19		

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

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Rationale	Opinion
18/1	Governance	Financial Management Software	Implementation of further module(s) of the software to address core business functions	Postponed	Reported November 2017	N/A
18/6	Governance	Constitution	Revisions to the Constitution are appropriately applied at an operational level – likely to focus on any changes to local budget monitoring	Postponed	Reported November 2017	N/A
18/7	Governance	IR35 (intermediaries legislation)	Legislation is correctly applied	Cancelled	Reported November 2017	N/A
18/8	Governance	ICT Modernisation	Projects (selected from sample) are appropriately managed – likely areas could be incident reporting, learning management, IP telephony	Merged	Reported November 2017	N/A
18/9	Governance	Review of the estate	Concentrate on 'invest to save' opportunities with the existing estate.	Cancelled	Reported November 2017	N/A

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Rationale	Opinion
18/11	Risk Management	Insurance arrangements	Benefits of being a member of the Fire and Rescue Insurance Consortium (FRIC) are realised in order to reduce CFA specific risk and share best practice.	Cancelled	Reported November 2017	N/A
18/19	Risk management	Pensions - Scheme Management	Changes to scheme management requirements are applied in a timely manner e.g. electronic data transfer from payroll to pensions.	Merged	Reported November 2017	N/A

Potential substitute Jobs:

No.	Category	Auditable area	Potential assurance requirements….	Position at 11/01	Summary recommendations	Opinion
18/23	Governance	Partnerships	Strategic and Operational Objectives are being achieved	Only ever potential substitute jobs therefore coverage not expected		
18/24	Governance	Procurement	Replacement financial management software – option consideration	Only ever potential substitute jobs therefore coverage not expected		
18/25	Governance	Information management	Authorisation arrangements, management and reporting of incidents relating to covert intelligence e.g. RIPA	Only ever potential substitute jobs therefore coverage not expected		