Appendix 2 – Progress against the Internal Audit Plan 2017-18 at 7th November 2017

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, above all internal audit.

Work completed at least to draft stage

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	Summary recommendations	Opinion
18/3	Governance	Declaration of Interests/Gifts and Hospitality	Policies and procedures are appropriately operated	Draft report issued - meeting arranged between the Monitoring Officer, Area Manager People and Organisational Development and the Area Manager (Finance and ICT) to conclude this audit.		

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	Summary recommendations	Opinion
18/5	Governance	Transparency Reporting	Requirements of the Transparency Code are complied with	Draft report issued		
18/10	Risk Management	Risk Management Framework	Continuous improvement in the risk management framework.	Draft report issued		
18/12	Risk Management	Procurement	The approach to commissioning and procurement Maintenance of procurement and contracts register Maximising collaboration opportunities	Draft report issued		

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	Summary recommendations	Opinion
18/16	Internal Control	Expenses	Expenses claimed are in accordance with policy	Final Issued – substantial assurance	Mainly minor administrative recommendations relating to occasional gaps e.g. completion of all requirements on expense claims, log books, provided car form documents and credit card statements. In addition an efficiency recommendation was made to reduce postal fees for train tickets.	
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	Draft Issued – meeting arranged between the Monitoring Officer, Area Manager People and Organisational Development and the Area Manager (Finance and ICT) to conclude this audit.		

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	Summary recommendations	Opinion
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 Report Issued	Further consideration of roles of Finance and HR sections with regard to the information held and their involvement in the pensions and payroll processes. **(HI)** Further training in complex pensions rules (**HI)** Stronger monitoring of staff movements between stations as part of appointments processes Review the adequacy of the payroll Service Level Agreement between LFRS and East Midlands Shared Services and also LFRS and the Pensions Section.	N/A Consultancy

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	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	Work in progress		
18/4	Governance	General Data Protection Regulation (GDPR)	Readiness for compliance	Work in progress Note: *It was only appropriate to start this job in November for timeliness reasons.*		

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	Summary recommendations	Opinion
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	Terms of engagement issued ready to start work in December 2017 – to meet external audit requirements – *note work cannot be started until this date due to sample periods required to be checked.*		
18/14	Internal Control	Key Financials Payroll (*)	Payroll Starters, Leavers & Variations Contribution Bandings	Terms of engagement issued ready to start work in December 2017– to meet external audit requirements - *note work cannot be started until this date due to sample periods required to be checked.*		

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	Summary recommendations	Opinion
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	Work in progress *Note: work cannot be complete until final quarter due to sample periods required to satisfy near full year testing.*		
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	Work in progress *Note: work cannot be complete until final quarter due to sample periods required to satisfy near full year testing.*		

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	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.	Work has commenced on the following: Brigade Management's compliance with appropriate conditions of service, policies and procedures (17/15) – work has commenced in cross referencing the recommendations to the findings of the expenses report (18/16). This will be completed in December 2017. Fire-fighter Pensions – Roles & Responsibilities (18/18) due December 2017 **Note: work could not be started until now to allow implementation dates to have expired.**		

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

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	Rationale	Opinion
18/1	Governance	Financial Management Software	Implementation of further module(s) of the software to address core business functions	- Job will not be undertaken in 17/18 but need will be reassessed in 18/19	Modules have not been procured	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	- Job will not be undertaken in 17/18 but need will be reassessed in 18/19	Revised constitution has not yet been published and so testing in 17/18 would not be viable.	N/A
18/7	Governance	IR35 (intermediaries legislation)	Legislation is correctly applied	- Job will not be undertaken as it has been carried out by a third line of defence subject matter expert.	Wider specialist tax advice, incorporating the specifics of IR35, has been obtained by the service.	N/A

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	Rationale	Opinion
18/8	Governance	ICT Modernisation	Projects (selected from sample) are appropriately managed – likely areas could be incident reporting, learning management, IP telephony	- Specific job will not be undertaken, but material changes to be addressed as part of job 18/15	Projects either deferred or awaiting further strategic direction. Project Management of Key ICT Changes will be addressed as part of our Key ICT Controls coverage (job 18/15)	N/A
18/9	Governance	Review of the estate	Concentrate on 'invest to save' opportunities with the existing estate.	- Job will not be undertaken as this is being addressed by second line of defence.	Second Line of Defence in Operation through oversight by the Treasurer.	

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	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.	- Job will not be undertaken in 17/18 as this is currently being addressed by first and second line of defence.	First and Second Line of Defence in operation as a meeting has been arranged by the Area Manager (Finance and ICT) with FRIC to discuss risks and identify benefits and a report has been produced for SMT earlier this year to agree the governance structures and information flows on work arising from FRIC.	

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	Rationale	Opinion
18/19	Governance	Pensions - Scheme Management	Changes to scheme management requirements are applied in a timely manner e.g. electronic data transfer from payroll to pensions.	- Job will not be undertaken as jobs 18/18 – Roles and Responsibilities and 18/20 in relation to Calculations will provide adequate coverage and overlap into this area	Two other internal audits being undertaken.	

Potential substitute Jobs:

No.	Category	Auditable area	Potential assurance requirements….	Position at 07/11	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		