

Appendix 1 – Progress against the Internal Audit Plan 2018-19 at 25th February 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 25/02	Summary recommendations	Opinion
19/1	Governance	Performance Monitoring	<ul style="list-style-type: none"> High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner 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 	<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"> • High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner • Work will focus on testing of ownership, update, publication of policies and compliance with requirements and associated authorisation. 	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"> • Readiness for compliance 	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 Readiness Audit	<ul style="list-style-type: none"> • Readiness to comply with Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection process 	Final Report Issued	<ul style="list-style-type: none"> • Red and Amber graded elements of the dashboard should be assigned to appropriate personnel • Improve resilience in areas internally identified as a weakness • Two recommendations in respect of governance re progress v action plan monitoring and reporting 	Reasonable Assurance
19/5	Risk Mgt	Procurement	<ul style="list-style-type: none"> • High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner • Work will focus on testing revised Governance, value for money, approved suppliers and valid contracts. 	Draft Issued	<p>Report remains in draft format'</p> <p>Work completed:</p> <ul style="list-style-type: none"> • Rules and policy addressed • Ownership and training addressed <p>Work in progress:</p> <ul style="list-style-type: none"> • Review spend and any associated contracts • Ensure existing contracts are all signed • Publish an up to date contracts register 	TBC

19/6	Internal Control	Key financial systems (*)	<ul style="list-style-type: none"> • Financial management including areas such as reconciliation procedures, suspense accounts, journals, bank reconciliation • Payables • Receivables including debt recovery • Treasury management 	Final 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>	Substantial Assurance
19/7	Internal Control	Key Financials Payroll (*)	<ul style="list-style-type: none"> • Payroll Starters, leavers and variations to pay are valid and accurately accounted for 	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"> Starters, leavers and variations to pension are accurately accounted for in respect of pensionable adjustments required. Contribution banding, pensions increases and dependents pension requirements are correctly applied. 	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

19/9	Internal Control	ICT controls (*)	<ul style="list-style-type: none"> • High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner • 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 	Draft Issued	<p>One high importance recommendation from previous audit has been addressed and the second one is partially completed but would not be fully addressed until a new service desk application has been procured and implemented.</p> <p>Other recommendations from the 18/19 report will be detailed once the draft report has been agreed.</p>	TBC
19/10	Internal Control	National Fraud Initiative	<ul style="list-style-type: none"> • To ensure that requisite data is submitted in a timely manner and matches from data submitted in 18/19 have been issued for investigation 	Complete	<p>Reports covering deceased persons, payroll matches and pensions matches where were released on 31 January and these have been passed to the respective service to review (Pensions Section or LFRS Finance / Administration, as</p>	N/A

					<p>appropriate).</p> <p>Reports covering where creditors and Companies House directorship matches have been delayed by the Cabinet Office but these will also be promptly passed to the service to review once received.</p> <p><i>Note: Though complete to date, is will always be work in progress in 18/19 as the work straddles two financial years (18/19 & 19/20)</i></p>	
19/11	Governance	Fire-fighter Pensions – Roles & Responsibilities	<ul style="list-style-type: none"> • High importance recommendations from the 17/18 internal audit report have been addressed in a timely manner • Work will focus on testing roles and responsibilities and associated training 	Final Issued	<p>High importance recommendation lifted.</p> <p>Recommendations are:</p> <ul style="list-style-type: none"> • Continued atomisation of business processes • Continuous training of all staff involved in the process • Continuous review of documentation to ensure it remains fit for purpose 	Revised to Substantial
19/12	Internal Control	Fire-fighter Pensions – Pensions	<ul style="list-style-type: none"> • To review the validity and accuracy of calculations with 	Final Issued.	N/A – No recommendations made	Full Assurance

		Calculations	regard to payments for new pensions and lump sums			
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Work in progress

N/A – All work is either in final or draft report stage

Jobs not started

N/A - All jobs either complete or complete to draft

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

None as at 25 February 2019

Potential Substitute Jobs

<u>No.</u>	<u>Category</u>	<u>Auditable area</u>	<u>Potential assurance requirements....</u>	<u>Position at 25/02</u>	<u>Summary recommendations</u>	<u>Opinion</u>
N/A	Governance	Constitution	<ul style="list-style-type: none"> Revisions to the Constitution are appropriately applied at an operational level – likely to focus on any changes to local budget monitoring 	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"> Projects (selected from sample) are appropriately managed 	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"> Independent consultancy advice has been correctly followed 	N/A - Only ever a potential substitute job – included here for completeness and transparency	N/A	N/A