

Safest People, Safest Places

County Durham and Darlington
Fire and Rescue Authority



AUDIT AND RISK COMMITTEE

18 October 2018

INTERNAL AUDIT PROGRESS REPORT

County Durham and Darlington
Fire and Rescue Authority



REPORT OF THE HEAD OF INTERNAL AUDIT

Purpose of the Report

1. The purpose of this report is to advise Members on work undertaken by Internal Audit between 01 April 2018 and 31 March 2019. The report aims to:
 - Provide a high level of assurance, or otherwise, on internal controls operated across the Authority that have been subject to audit
 - Advise the Committee of significant issues where controls need to improve to effectively manage risks
 - Advise the Committee of any amendments to the approved Internal Audit plan
 - Advise the Committee of changes to audit processes and terminology
 - Track progress on the response to internal audit reports and the implementation of agreed internal audit recommendations
 - Provide an update on our performance indicators comparing actual performance against planned.

2. The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).

Appendix 1	Progress against the Internal Audit Plan
Appendix 2	Internal Audit Performance Indicators
Appendix 3*	Overdue Actions

Progress against planned work

3. A summary of the agreed plan showing the status of each audit as at 30 September 2018 is attached at Appendix 1.

4. The Appendix shows that 15 reviews including five that were carried forward from 2017/18 are planned to be completed, of these:
 - Seven assurance reviews are complete (Draft or Final Report),
 - One assurance review is in progress
 - Five assurance reviews are planned;
 - One Advice and Consultancy review (Development of CDDFRS Assurance Framework) is in progress and
 - One Counter Fraud review (NFI 2018/19) is in progress.

5. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 1.

6. A summary of audit reports finalised in the period is given in the table below.

Audit Area	Brief Scope	Assurance Opinion
Firewall Security (Reported to A&RC 22/05/18)	An assurance review that considered the risk that information assets / data are not adequately protected from corruption, loss, or theft.	Moderate
Mobile Device Security (Reported to A&RC 22/05/18)	An assurance review that considered the following risks: <ul style="list-style-type: none"> • Data leakage and disclosure of confidential data due to device loss, device theft, theft of data from devices or interception of data in transit, including wireless connections. • Malware propagation. • Incorrect application of corporate security policies due to lack of awareness. • Mobile devices not being identified, recorded, tracked, and protected. 	Substantial
Partnerships	An assurance review that considered the following risks: <ul style="list-style-type: none"> • Partnerships' objectives are not in line with the Fire Service objectives. • The roles, relationships, responsibility and accountability of the Partnership members is unclear. • Poor management information. • Input resources do not match the priority of the Partnership. 	Substantial
Business Continuity Planning	An assurance review that considered the following risks: <ul style="list-style-type: none"> • Unable to provide critical services to the community in the event of a major disruption. • Key assets and services cannot be identified, protected or recovered. • Unable to recover business processes and procedures within required time. • Employees are unable to respond effectively to an incident or disruption. • The business continuity process is ineffective 	Moderate
Assurance Management – AGS	Review to provide the Authority with the assurance required to fulfil its statutory responsibility to publish an Annual Governance Statement (AGS) and ensure it remains current and reflects the significant corporate governance issues faced. Tracking of progress made against each of the significant governance issues will continue through the year with updates provided for the Committee to consider.	N/A

Amendments to Annual Audit Plan

7. No amendments were made to the annual audit plan during the period.

Outstanding management response to draft reports

8. No management responses to outstanding Draft Reports are overdue.

Response to Audit Recommendations

9. To provide independent assurance that adequate progress is made in the implementation of agreed recommendations at the appropriate service operational level, all high and medium recommendations contained within actions plans within individual audit reports are followed up by internal audit. In addition, listings of all recommendations outstanding at the end of each month are produced and issued to a nominated representative to assist the Service in its own internal monitoring processes.

10. To allow progress made at the operational level to be tracked and monitored, the numbers of all recommendations made arising from each audit complete, and evidenced as implemented, are shown in Appendix 1. It should be noted that Internal Audit will not follow up Best Practice matters raised.

11. A summary of outstanding audit recommendations i.e. those not implemented within original agreed or revised target dates, as evidenced through Internal Audit follow up, for quarter ended 30 September 2018 is given in the table over page:

Risk	Actions	Total	Implemented			Overdue	Target	Overdue
Category	Raised	Due	Due	Not due	Total	Original	Revised	Revised
2016/17								
High	5	5	5	0	5	0	0	0
Medium	27	27	26	0	26	1	1	0
Total	32	32	31	0	31	1	1	0
2017/18								
High	6	6	6	0	6	0	0	0
Medium	13	13	9	0	9	4	0	0
Total	19	19	15	0	15	4	0	0
2018/19								
High	7	0	0	0	0	0	0	0
Medium	12	1	0	0	0	1	1	0
Total	19	1	0	0	0	1	1	0

12. Six medium priority recommendations are overdue against original target implementation dates. Revised target dates have been agreed in each case and no recommendations are overdue. Details of the six recommendations are shown in Appendix 3 and are to be considered as a Part B Agenda Item.

Unplanned work carried out this quarter

13. No unplanned work has been undertaken during the period.

Reports issued with a Limited Assurance Opinion

14. No reports have been issued that resulted in a Limited Assurance Opinion.

Corporate Governance

15. Further to approval of the Annual Governance Statement, the Corporate Governance action plan has been updated to reflect the significant issues contained within it and actions being taken to address these. Progress updates will be prepared for the Committee to consider.

Counter Fraud

16. Confirmation has been received from the Cabinet Office that submission of pensions, payroll and creditors data for the latest NFI will occur in early October 2018 with results of the exercise expected to be released for review from January 2019.

Performance Indicators

17. A summary of agreed target performance indicators is given in Appendix 2.

Recommendation

18. Members are **asked to**
- **consider** the outturn position in delivering the internal audit plan for 2018/19 together with that made by managers in responding to the work of internal audit to gain assurance on the adequacy and effectiveness of the internal control environment.

Stephen Carter, Audit and Fraud Manager, 03000 269665

Appendix 1: Summary of the status of work undertaken and recommendations made and implemented

INTERNAL AUDIT SERVICES							High		Medium		Best Practice
Reviews – 2018-19	Work Schedule	Planned Days	Revised Days	Actual Days	Status	Assurance Opinion	M	I	M	I	M
Planned Work											
Strategic Risk Management	Q4	1	1		Planned						
Assurance Management – AGS	Q1-4	1	1	0.8	AGS Complete	N/A	7				
Key Financial Systems	Q3	20	20		Planned						
Absence Management	Q2	8	8	11.3	Draft Report	Moderate					
Recruitment & Selection	Q3	6	6		Planned						
Partnerships	Q1	4	4	8.2	Final Report	Substantial			5		1
Externally Hosted Systems	Q2-3	5	5	1.9	In Progress						
Security Incident Management	Q2-3	5	5	4.8	Draft Report	Moderate					
General Data Protection Regulation (GDPR)	Q3-4	5	5	0.7	Planned						
Unplanned Work											
Counter Fraud											
NFI 2018/19	Q2-4	4	4	0.2	In Progress						
Audit Planning and Reporting											
Audit Planning	Q1-4	2	2	0.4	In Progress	N/A					
Advice and Reporting	Q1-4	8	8	3.5	In Progress	N/A					
Follow Up	Q1-4	2	2	0.5	In Progress	N/A					
Brought Forward Reviews – 2017-18											
Development of CDDFRS Assurance Framework	Q1-4	7	7	0.2	In Progress						
Firewatch	Q3-4	4	4	0.2	Planned						
Business Continuity Planning	Q1	0	0	4.8	Final Report	Moderate			5		
Firewall	Q1	0	0	0.9	Final Report	Moderate			2		1
Mobile Device Security	Q1	0	0	0.1	Final Report	Substantial					1
TOTAL		82	82	38.5			7		12		3

Note: The reports from 2017/18 were finalised during the 2018/19 reporting period and actions are being tracked accordingly.

Appendix 2 Performance Indicators for 2018/19

Efficiency		Objective: To provide maximum assurance to inform the annual audit opinion	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2019	90% (Quarterly)	47% (7 out of 15 reviews completed)
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90% (Quarterly)	100% (7 reports issued) 4 days
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also to be reported for information	95% (Quarterly)	100% (5 reports issued) 1 day
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (7 TOR's issued)
Quality		Objective: To ensure that the service is effective and adding value	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	100% (22 accepted out of 22 made)
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good Average score is also reported for information	100% (Quarterly)	100% (4 out of 4 returned) Overall average score 4.65
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	100% (4 returns from 4 surveys issued in 2018/19)