

**Safest People, Safest Places**

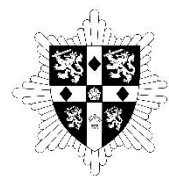
## **Audit and Risk Committee**

**25 November 2021**

### **Internal Audit Progress Report**

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County Durham and Darlington  
**Fire and Rescue Authority**



### **Report of the Head of Internal Audit**

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#### **Purpose of the Report**

1. The purpose of this report is to advise Members on work undertaken by Internal Audit between 01 April 2021 and 31 March 2022. 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 Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).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 (which covers the 12-month period 01 April 2021 to 31 March 2022) showing the status of each audit as at 31 October 2021 is attached at Appendix 2.
  
4. Delivery of the audit plan had been impacted following the onset of the coronavirus pandemic which resulted in our agreeing to a new way of working with the Fire Service through remote access to records been obtained electronically by email, and meetings were held remotely via either Teams or telephone.

5. This new way of working resulted in additional time been incurred for the completion of audit activities and this is reflected within Appendix 2.
6. The Appendix shows that 21 reviews including seven that were carried forward from 2020/21 are scheduled to be completed in 2021/22, of these:
  - Eight assurance reviews are complete (draft or final report);
  - One assurance review is in progress;
  - Nine assurance reviews are planned;
  - One assurance review has not yet started
  - One Counter Fraud is complete and one review is planned
7. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 1.
8. A summary of all final assurance based, and other audit reports issued during the period through to the end October 21 is shown in the table below:

<b>Audit Area</b>	<b>Brief Scope</b>	<b>Assurance Opinion</b>
Review of CIPFA Financial Management Code Compliance	To review the Authority's compliance with the CIPFA Financial Management Standards to identify any improvement opportunities.	N/A

### **Amendments to Annual Audit Plan**

9. During the period, the following amendments were made to the plan

<b>Audit</b>	<b>Amendment</b>
Review of CIPFA Financial Management Code	Additional review undertaken to review the Fire Authority's compliance with the CIPFA Financial Management Code.
Review of Key Financial Systems	It was agreed that the initial allocation of 20 days assigned to the annual review of Key Financial Systems would be split into the following individual activities; <ul style="list-style-type: none"> <li>• 10 days – Key Financial Systems i.e., Creditors, Debtors, Income collection</li> <li>• 6 days – Payroll review</li> <li>• 4 days – Treasury Management review</li> </ul>

### **Outstanding management response to draft reports**

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

## Response to Audit Recommendations

11. 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.
12. 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.
13. 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 2021 is given in the table below:

Risk Category	Actions Raised	Total Due	Actions Implemented	Overdue Original	Target Revised	Overdue Revised
<b>2019/20</b>						
High	7	7	7	0	0	0
Medium	7	7	5	2	2	0
<b>Total</b>	<b>14</b>	<b>14</b>	<b>12</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>2020/21</b>						
High	8	8	8	0	0	0
Medium	11	11	9	2	2	0
<b>Total</b>	<b>19</b>	<b>19</b>	<b>17</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>2021/22</b>						
High	8	0	0	0	0	0
Medium	15	6	5	1	1	0
<b>Total</b>	<b>23</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>0</b>

14. Five medium priority recommendations are overdue against original target implementation dates. Revised targets have been agreed in all cases with no recommendations overdue. Details of the five recommendations are shown in Appendix 3 as a Part B Agenda Item.

### Unplanned work carried out this quarter

15. An additional review was carried out to evaluate the Authority's compliance with CIPFA's Financial Management Code.

### Reports issued with a Limited Assurance Opinion

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

## Corporate Governance

17. Further to the approval of the Annual Governance Statement, the Corporate Governance action plan has been updated as a means of informing the Authority's Annual Governance Statement 2021/22.

## **Counter Fraud**

18. The Audit and Finance Committee considered the Annual Fraud and Corruption report at its meeting of 30 September 2021. Internal Audit will continue to work with the Authority through the year in ensuring the robustness of arrangements in place.

## **Performance Indicators**

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

## **Recommendation**

20. Members are **asked to**
  - **consider** the outturn position in delivering the internal audit plan for 2021/22 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.

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

INTERNAL AUDIT SERVICES							High		Medium		Best Practice
Reviews – 2021-22	Work Schedule	Planned Days	Revised Days	Actual Days	Status	Assurance Opinion	M	I	M	I	M
<b>Planned Work</b>											
Assurance Management – AGS	Q1-4	1	1	1	Complete	N/A	8	0	0	0	0
Key Financial Systems (Creditors, Debtors, Income)	Feb 22	20	10	0	Planned						
Payroll	March 22	0	6	0	Planned						
Treasury Management	Jan 22	0	4	0	Planned						
Data Quality	Q4	6	6	0	Not Yet Started						
Strategic Risk Management	Q1-4	1	1	0	In Progress						
Absence Management	Q3	8	8	0	Planned						
Physical Security	Q3	5	5	0.7	Planned						
Business Continuity Planning	Jan 22	6	6	0.3	Planned						
ICT Budget Management – Capital Planning	Feb 22	5	5	0.1	Planned						
Review of GDPR Management and Principles in IT	March 22	5	5	0.1	Planned						
<b>Unplanned Work</b>											
Review of CIPFA Financial Management Code	Qtr1	0	1	1	Final Report	N/A	0	0	0	0	4
<b>Counter Fraud</b>											
Counter Fraud Awareness	Q4	1	1	0	Planned						
NFI	Q3-4	2	2	2	Final Report	N/A	0	0	0	0	0
<b>Audit Planning and Reporting</b>											
Service Support	Q1-4	12	11	5	In Progress	N/A					
<b>Brought Forward Reviews – 2020-21</b>											
Key Financial Systems	Q1	5	5	7	Final Report	Substantial	0	0	3	2	9
Procurement and Contracts	Q1	2	2	4	Final Report	Substantial	0	0	1	1	0
.ICT Procurement	Q1	4	4	6	Final Report	Moderate	0	0	3	0	2
Identity and Access Management	Q1	4	4	6	Final Report	Moderate	0	0	1	0	0
User Education and Awareness	Q1	4	4	6	Final Report	Moderate	0	0	6	1	0
Vital Fire Solutions	Q1	5	5	9	Final Report	Substantial	0	0	1	1	0
Review of HR Related GDPR Arrangements	March 22	4	4	0	Planned						
<b>TOTAL</b>		<b>100</b>	<b>100</b>	<b>48.2</b>			<b>8</b>	<b>0</b>	<b>15</b>	<b>5</b>	<b>15</b>

**Note: The Reports for the Assurance Reviews from 2020/21 c/f were finalised during the 2021/22 reporting period and actions are being tracked accordingly.**

## Appendix 2 Performance Indicators for 2021/22

<b>Efficiency</b>	<b>Objective: To provide maximum assurance to inform the annual audit opinion</b>		
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	<b>Actual</b>
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2022	90% (Quarterly)	43% (9 out of 21 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% (9 reports issued) 5 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% (9 reports issued) 3 days
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (9 TOR's issued)
<b>Quality</b>	<b>Objective: To ensure that the service is effective and adding value</b>		
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	100% (38 accepted out of 38 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% (6 out of 6 returned) Overall average score 4.5
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	86% (6 returned from 7 surveys issued in 2021/22)