

County Durham and Darlington
Fire and Rescue Authority



Safest People, Safest Places

Audit and Finance Committee

28 September 2022

Internal Audit Progress Report

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 2022 and 31 March 2023.
2. 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.
3. 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 Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).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

4. A summary of the agreed plan (which covers the 12-month period 01 April 2022 to 31 March 2023) showing the status of each audit as at 31 August 2022 is attached at Appendix 2.

5. 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. Where visits needed to be made, risk assessments were carried out for individual and location which identified the safeguards required.
6. This new way of working resulted in additional time being incurred for the completion of audit activities and this is reflected within Appendix 2.
7. The Appendix shows that 15 reviews including two that were carried forward from 2021/22 are scheduled to be completed in 2022/23, of these:
 - Four assurance reviews are in progress;
 - Nine assurance reviews are planned; and
 - One Counter Fraud and One NFI reviews are planned
8. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 1.

Amendments to Annual Audit Plan

9. No amendments were made to the plan during the period

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 period ended 31 August 2022 is given in the table below:

Risk	Actions	Total	Actions	Overdue	Target	Overdue
Category	Raised	Due	Implemented	Original	Revised	Revised
2020/21						
High	8	8	8	0	0	0
Medium	11	11	9	2	2	0
Total	19	19	17	2	2	2
2021/22						
High	8	8	8	0	0	0
Medium	25	18	18	1	1	1
Total	33	26	26	1	1	1
2022/23						
High	0	0	0	0	0	0
Medium	0	0	0	0	0	0
Total	0	0	0	0	0	0

14. Three medium priority recommendations are overdue against original target implementation dates. At the time of writing this report updates were being sought on the overdue actions. Details of the three recommendations are shown in Appendix 3 as a Part B Agenda Item.

Reports issued with a Limited Assurance Opinion

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

Corporate Governance

16. The Annual Governance Statement is due to be approved at the November meeting of the Committee. Once approved the Corporate Governance action plan will be updated as a means of informing the Authority's Annual Governance Statement 2022/23.

Counter Fraud

17. The Audit and Finance Committee considered the Annual Fraud and Corruption report at its meeting of 28 September 2022. Internal Audit will continue to work with the Authority through the year in ensuring the robustness of arrangements in place.

Performance Indicators

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

Recommendation

19. Members are **asked to**
- **consider** the outturn position in delivering the internal audit plan for 2022/23 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.

Nicola Cooke, Audit Manager, Tel: 03000 269665

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

INTERNAL AUDIT SERVICES							High		Medium		Best Practice
Reviews – 2022-23	Work Schedule	Planned Days	Revised Days	Actual Days	Status	Assurance Opinion	M	I	M	I	M
Planned Work											
Assurance Management – AGS	Q1-4	1	1	0	Planned						
Ethics	Q3	5	5	0.3	Planned						
Data Quality	Q3	6	6	0	Planned						
Key Financial Systems	Q4	10	10	0	Planned						
Payroll	Q4	8	8	0	Planned						
Treasury Management	Q4	4	4		Planned						
Strategic Risk Management	Q1-4	1	1	0.1	In Progress						
MTPF	Q3	5	5	0	Planned						
ICT - Network Management	Q2	5	5	4.3	In Progress						
ICT - Device Build	Q3	5	5	0	Planned						
ICT – Business Continuity	Q3	5	5	0	Planned						
Counter Fraud											
Counter Fraud Awareness	Q1-4	1	1	0	Planned						
NFI	Q2-4	4	4		Planned						
Audit Planning and Reporting											
Service Support	Q1-4	12	12	3.8	In Progress						
Brought Forward Reviews – 2021-22											
Physical Security	Q1-3	1	1	0.3	In Progress						
Review of GDPR Management and Principles in IT	Q1-3	4	4	3.9	In Progress						
TOTAL		77	77	12.7							

Appendix 2 Performance Indicators for 2022/23

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 2023	90%	0% (0 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%	N/A – no reports issued to date
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%	N/A – no reports issued to date
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95%	100% (3 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%	N/A – no reports issued to date
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%	N/A – no surveys issued to date
Customers providing feedback Response	% of Customer returning satisfaction returns	70%	N/A – no surveys issued to date