

**Safest People, Safest Places**

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



## **AUDIT AND RISK COMMITTEE**

**28 February 2019**

## **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 Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).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 31 December 2018 is attached at Appendix 1.
4. The Appendix shows that 13 reviews including four that were carried forward from 2017/18 are planned to be completed, of these:
  - Eight assurance reviews are complete (Draft or Final Report),
  - One assurance review is in progress
  - Two 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. In addition, two assurance reviews that will consider Firewatch and General Data Protection Regulation (GDPR) arrangements have been cancelled (refer to paragraph 8) and will now be undertaken as part of the 2019/20 Internal audit plan.
6. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 1.

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

<b>Audit Area</b>	<b>Brief Scope</b>	<b>Assurance Opinion</b>
Security Incident Management	An assurance review that considered the following risk: <ul style="list-style-type: none"> <li>• Loss of data and/or service.</li> </ul>	Moderate
Absence Management	<ul style="list-style-type: none"> <li>• Sickness absence is not accurately recorded and reviewed</li> <li>• There are ineffective sickness monitoring and reporting arrangements in place.</li> <li>• The Fire and Rescue Service does not comply with the requirements of the Data Protection Act and GDPR</li> </ul>	Moderate

***Amendments to Annual Audit Plan***

8. The following amendments were made to the annual audit plan during the period.

<b>Audit</b>	<b>Amendment</b>	<b>Reason</b>
General Data Protection Regulation (GDPR)	Defer to 2019/20	The Service has confirmed that it is reviewing areas of GDPR non-compliance and as such there is no added value in Internal Audit undertaking a review of this area at this time. The review has been cancelled and will now be subject to review as part of the 2019/20 plan with an appropriate start date to be confirmed.
Firewatch	Defer to 2019/20	The Service has confirmed that it is currently testing a system upgrade and as such there is no added value in Internal Audit undertaking a review of this area at this time. The review has been cancelled and will now be subject to review as part of the 2019/20 plan.

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

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

***Response to Audit Recommendations***

- 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.
- 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.
- 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 31 December 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
<b>2016/17</b>								
High	5	5	5	0	5	0	0	0
Medium	27	27	26	0	26	1	1	0
<b>Total</b>	<b>32</b>	<b>32</b>	<b>31</b>	<b>0</b>	<b>31</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>2017/18</b>								
High	6	6	6	0	6	0	0	0
Medium	13	13	9	0	9	4	4	1
<b>Total</b>	<b>19</b>	<b>19</b>	<b>15</b>	<b>0</b>	<b>15</b>	<b>4</b>	<b>4</b>	<b>1</b>
<b>2018/19</b>								
High	7	0	0	0	0	0	0	0
Medium	23	15	15	0	15	0	0	0
<b>Total</b>	<b>30</b>	<b>15</b>	<b>15</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>

13. Five 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 five recommendations are shown in Appendix 3 and are to be considered as a Part B Agenda Item.

#### ***Unplanned work carried out this quarter***

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

#### ***Reports issued with a Limited Assurance Opinion***

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

#### **Corporate Governance**

16. 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**

17. The results from the NFI submission of pensions, payroll and creditors data are to be released on 31 January 2019. Internal Audit will review their content to identify any that require further investigation.

#### **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 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
<b>Planned Work</b>											
Strategic Risk Management	Q4	1	1		Planned						
Assurance Management – AGS	Q1-4	1	1	0.8	<b>AGS Complete</b>	<b>N/A</b>	7				
Key Financial Systems	Q3	20	20	19.9	In Progress						
Absence Management	Q2	8	8	11.9	<b>Final Report</b>	<b>Moderate</b>			9	4	
Recruitment & Selection	Q3	6	6		Planned						
Partnerships	Q1	4	4	8.2	<b>Final Report</b>	<b>Substantial</b>			5	5	1
Cloud Security	Q2-3	5	5	5.1	Draft Report	<b>Moderate</b>					
Security Incident Management	Q2-3	5	5	5.3	<b>Final Report</b>	<b>Moderate</b>			2		1
General Data Protection Regulation (GDPR)	Q3-4	5	5	1.2	Cancelled						
<b>Unplanned Work</b>											
<b>Counter Fraud</b>											
NFI 2018/19	Q2-4	4	4	1.0	In Progress						
<b>Audit Planning and Reporting</b>											
Audit Planning	Q1-4	2	2	0.5	In Progress	<b>N/A</b>					
Advice and Reporting	Q1-4	8	8	4.2	In Progress	<b>N/A</b>					
Follow Up	Q1-4	2	2	0.5	In Progress	<b>N/A</b>					
<b>Brought Forward Reviews – 2017-18</b>											
Development of CDDFRS Assurance Framework	Q1-4	7	7	0.2	In Progress						
Firewatch	Q3-4	4	4	0.5	Cancelled						
Business Continuity Planning	Q1	0	0	4.8	<b>Final Report</b>	<b>Moderate</b>			5	4	
Firewall	Q1	0	0	0.9	<b>Final Report</b>	<b>Moderate</b>			2	2	1
Mobile Device Security	Q1	0	0	0.1	<b>Final Report</b>	<b>Substantial</b>					1
<b>TOTAL</b>		<b>82</b>	<b>82</b>	<b>65.1</b>			<b>7</b>		<b>23</b>	<b>15</b>	<b>4</b>

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

<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 2019	90% (Quarterly)	62% (8 out of 13 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% (8 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% (7 reports issued) 1 day
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (8 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% (34 accepted out of 34 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% (5 out of 5 returned) Overall average score 4.72
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	83% (5 returns from 6 surveys issued in 2018/19)