

# Internal Audit Progress Report as at 3 March 2022 Audit and Risk Committee – 21 March 2022



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# 1 Introduction

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2021/22 Internal Audit plan.

The information included in this progress report will feed into and inform our overall opinion in our Internal Audit annual report issued at the year end.

Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

No Assurance	Limited	Reasonable	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

This is based upon the number and type of recommendations we make in each report. Each recommendation is categorised in line with the following:

## Priority rating for issues identified

**Fundamental** action is imperative to ensure that the objectives for the area under review are met.

**Significant** requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

**Merits attention** action is advised to enhance risk mitigation, or control and operational efficiency.

## 2 Summary of work in progress as at 3 March 2022

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
<b>Complete and reported previously:</b>							
Data Protection	High	0	1	1	2	2	Substantial
Management of Fuel	Medium	0	3	1	4	2	Reasonable
Environmental Protection Targets	Medium	0	0	2	2	2	Substantial
Absence Management Follow-Up	NA	NA	NA	NA	NA	NA	NA
<b>Complete and reported for first time:</b>							
Workforce Planning	Medium	0	2	0	2	2	Reasonable
Fixed Asset Accounting/Asset Planning	KFS	0	0	0	0	0	Substantial
Accounts Payable	KFS	0	0	0	0	0	Substantial
Budgetary Control	KFS	0	0	0	0	0	Substantial
<b>In progress:</b>							
Risk Management	High						

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Governance	High						
Accounts Receivable	KFS						
<b>To be started:</b>							
IT	High						
Payroll	KFS						

Key: KFS = Key Financial System  
ANA = Audit Needs Assessment  
Draft = Draft report issued to client and awaiting formal response  
NA = Not Applicable

### 3 Issues arising

#### **Workforce Planning**

Workforce planning is integral to the operation of the Fire Authority and the delivery of its strategic plan. The purpose of the review was to assess the adequacy of the workforce planning processes and to provide assurance on how well they were embedded within the Fire Authority. In general, the processes in place effectively support the Fire Authority in delivering its strategic plan. The review did identify two issues of significance relating to:

- A system of multiple spreadsheets is used to maintain and monitor the staffing establishment. It was identified that process notes had not been established to document the system to be followed to maintain and monitor the various spreadsheets. As such, there was a risk of inconsistencies in approach, or loss of knowledge should key staff be unavailable. They would also be a useful training aid for any new staff.
- Due to problems experienced with the reporting functionality in respect of the new Oracle Fusion system, it had not been possible to produce and publish the performance indicators which are required to support the management of absence within the Fire Authority. As such, there is a risk that absences may not be effectively managed.

The Fire Authority has devised a plan to address these issues. A follow-up review of these issues will be undertaken as part of the Internal Audit Plan for 2022/23.

#### **Fixed Asset Accounting/Asset Management**

A review of fixed asset accounting was undertaken in respect of planned capital expenditure. The review was undertaken to provide assurance that an appropriate process was in place to maintain details of fixed assets and to record them correctly in the accounts. No issues of significance were identified.

#### **Accounts Payable**

A review of the accounts payable system was undertaken to ensure that adequate key controls were in place. Our review focused on the controls designed to prevent, overpayments, fraud and incorrect accounting. No issues of significance were identified.

#### **Budgetary Control**

A review of the budgetary control system was undertaken to ensure the Fire Service had established its budget and was managing it appropriately. Our review covered controls over monitoring, reporting, changes to budgets and

the process to link budgets to medium and long-term plans. No issues of significance were identified.

## 4 Other activities

### **Advice and Guidance**

We provide on-going advice and guidance to the authority to assist with the continuous improvement of the overall control environment.

### **CIPFA – Audit Committee Updates**

We continue to present the regular CIPFA Audit Committee Updates to the Audit and Risk Committee.

### **Internal Audit Plan 2021/22**

We submitted the Internal Audit annual plan for 2021/22 to the committee for approval at the March 2021 meeting.

### **Internal Audit Annual Report 2020/21**

We presented the Internal Audit annual report for 2020/21 to the committee for comment and approval at the June 2021 meeting.

### **Counter Fraud**

We continue to lead on the Cabinet Office's National Fraud Initiative and their other associated fraud related activity (such as the Annual Fraud Survey), on behalf of the authority and to provide the main point of contact for any investigations into potential fraudulent activity.

## 5 Service quality questionnaire (SQQ) feedback

Feedback to be provided when completed SQQs are received.