

Internal Audit Progress Report as at 23 November 2021 Audit and Risk Committee – 6 December 2021



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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 23 November 2021

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

Auditable Area	ANA Rating	Suggested/Agreed Actions					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Governance	High						
IT	High						
Payroll	KFS						
Accounts Receivable	KFS						
Accounts Payable	KFS						
Budgetary Control	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**

Environmental Protection Targets

A review was undertaken to provide assurance on the systems in place to support the Fire Authority in achieving its environmental objectives. No issues of significance were found, and generally sound systems were in place to enable environmental targets to be monitored.

This report is at a draft stage and we are awaiting a management response to it.

Absence Management Follow-Up

A review of Absence Management was undertaken as part of the approved Internal Audit Plan for 2020/21. Five significant issues were identified which resulted in the issue of a limited assurance report. An action plan was produced by the Fire Authority to remedy the issues identified and it was stated that the actions would be implemented by the end of April 2021 (4 * actions) and the remaining issue by September 2021. As part of the 2021/22 Internal Audit Plan, a follow-up review was due to be completed to ensure the matters had been addressed. As at November 2021, the actions had not been addressed and the Fire Authority had set a revised completion date of the first quarter in 2022. As such, we are currently unable to provide assurance on the matters previously reported upon. We have been advised that the delay in meeting the original completion dates is due to a key member of staff responsible for implementing the actions having left the Fire Authority and that only recently had responsibility been re-assigned to another officer. We will now undertake the follow-up as part of the 2022/23 Internal Audit Plan.

Management of Fuel

Details of this review have previously been reported to the committee. The draft report was issued 22 July 2021. We have chased a reply in accordance with agreed protocols (25 August, 9 September and 7 October), but no management response has yet been provided. As such, we are bringing this issue to the attention of the committee.

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.