



# North Yorkshire Police, Fire and Crime Commissioner Fire and Rescue Authority

## Internal Audit Progress Report 2018/19

**Audit Manager:** Stuart Cutts  
**Head of Internal Audit:** Max Thomas

**Circulation List:** Members of the Fire Audit Committee  
Section 151 Officer

**Date:** March 2019

## **Background**

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members of the Audit Performance and Review Committee for the North Yorkshire Fire Authority approved the 2018/19 Internal Audit plan at their meeting of 25 July 2018. The total planned number of audit days for 2018/19 was 75. This report summarises the progress made to date in delivering that agreed programme of work.

## **Internal Audit Progress**

- 3 We have completed work on the Financial Systems key controls. All other work is in progress. Further information on the current status of the audits included in the 2018/19 audit plan is included in **Appendix A**. Information on the findings from completed work is included in **Appendix B**.

## **Audit Opinions**

- 4 For most reports we provide an overall opinion on the adequacy and effectiveness of the controls under review. The opinion given is based on an assessment of the risks associated with any weaknesses in controls identified. We also apply a priority to all actions agreed with management. Details of the definitions used are included in **Appendix C**.

## **Changes to the 2018/19 internal audit plan**

- 5 We have agreed one change to the 2018/19 plan with the s151 Officer. The time originally allocated for emerging issues is now not required so the plan time has now been reduced by those 10 days to 65 days.

## **External Assessment**

- 6 To comply with Public Sector Internal Audit Standards (PSIAS), internal auditors working in local government are required to maintain a quality assurance and improvement programme (QAIP). As part of this programme, providers are required to have an external assessment of their working practices at least once every five years. An external assessment of Veritau Limited and VNY Limited internal audit practices was undertaken in November 2018 by the South West Audit Partnership (SWAP). The report concludes that internal audit activity generally conforms to the PSIAS<sup>1</sup> and, overall, the findings were very positive.

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<sup>1</sup> PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

Stuart Cutts,  
Audit Manager  
Veritau Ltd

19 March 2019

## Appendix A

### Table of audit assignments to 1 March 2019

<b>Audit</b>	<b>Status</b>	<b>Assurance Level</b>	<b>Audit Committee</b>
<u>Financial Systems audits</u>			
Financial Systems key controls	Final Report	<b>High Assurance</b>	<b>March 2019</b>
Payroll and Personnel	In Progress		
<u>Regularity / Operational audits</u>			
Business Risk Management	In Progress		
Emerging Audit areas	Not required		
Follow up Audits	In Progress		
<u>Information Governance</u>			
Data Protection Officer	Ongoing	-	-

## Summary of findings from audits completed to 1 March 2019; not previously reported to Committee

System/Area	Opinion	Date Issued	Comments	Management Actions Agreed
Financial Systems key controls	High Assurance	January 2019	<p><b>Strengths</b></p> <p>Our sample review found all goods had been appropriately authorised. The average number of days from receiving an invoice to making a payment was only 13 days.</p> <p>Using data analytics software we confirmed no duplicate payments had been made.</p> <p>Debt is monitored on a monthly basis. The debt system reports allowed the Finance Team to know the position of all debts and payment arrangements. Our sample review found that debts were raised and recovered efficiently.</p> <p>Suspense accounts were being cleared promptly.</p> <p>All journals we reviewed balanced and had been processed in line with documented procedures.</p> <p>All bank reconciliations were completed and authorised by a separate member of the Finance team so that appropriate segregation of duties exist. We re-worked a sample of the bank reconciliations to confirm their accuracy - no issues were identified.</p> <p><b>Areas for Improvement</b></p> <p>Changes to supplier bank account details were not always being evidenced appropriately.</p>	A procedure does exist detailing the action to take when a change of bank details has been requested. Finance staff have been reminded of this procedure.

### Audit Opinions and Priorities for Actions

#### Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

#### Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

