North Yorkshire Police, Fire and Crime Commissioner
Fire and Rescue Service

Internal Audit Progress Report 2019/20

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Head of Internal Audit: Max Thomas

Date: 23 June 2020

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 Audit Committee.

2   The Audit Committee approved the 2019/20 Internal Audit plan on 21 May 2019. This report summarises the progress made to date.

2019/20 Internal Audit work completed

3   Since the last Committee in March 2020, we have completed one report to final report stage (the Tranman system) and one report to draft on the Mobile Data Terminal replacement project. Work on the Procurement audit has been temporarily paused due to Covid-19. We are consulting with officers to agree an appropriate time to restart this work.

4   Further information on the audit work completed is included in **Appendix A.** A copy of the final report issued since the last committee meeting is also included in the papers to this committee.

Audit Opinions

5   For most reports we provide an overall opinion on the framework of governance, risk management and control under review. The opinion 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 B**. The Mobile Data Terminal replacement project audit was more limited in scope and nature and therefore no opinion has been given.

Follow up of previous audit findings

6   It is important that agreed actions are regularly and formally followed up. This helps to provide assurance to management and members that control weaknesses have been properly addressed. We follow up agreed actions either as part of our ongoing audit work, or by separate review, after the agreed deadlines for actions have passed.

7   A summary of progress in respect those audits for which deadlines have passed since the November 2019 committee meeting is included in **Appendix C**. Overall there are no significant issues we need to report to the Committee.

Stuart Cutts,
Assistant Director – Audit Assurance
The Veritau Group

23 June 2020

Table of audit assignments

Audit	Status	Assurance Level	Audit Committee
Financial Systems audits			
Revenue and capital budgeting	**Final Report**	**Reasonable Assurance**	**March 2020**
Purchase orders	**Final Report**	**Substantial Assurance**	**March 2020**
Governance and Regularity audits			
Tranman system (Supplies and Stores)	**Final Report**	**Limited Assurance**	**June 2020**
Discipline and grievance	**Final Report**	**Substantial Assurance**	**November 2019**
Procurement	In Progress	-	-
Additional work			
Mobile Data Terminal replacement project	Draft Report	No opinion given	-
Follow up	Ongoing		

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.

There are circumstances when it's not appropriate to give an opinion, for example fact finding work, grant claims, projects, and consultancy work. When no opinion is given this is not to be confused with a no assurance opinion.

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.

Progress to implement previously agreed actions

System/Area	Opinion	Date Issued	Area(s) for Improvement	Management Action(s)
Revenue and capital budgeting	Reasonable Assurance 1x priority 2 action 2 x priority 3 actions	November 2019	The audit found local budget monitoring and forecasting records are not maintained accurately and not in a consistent manner. Budget history forms are not always submitted at the earliest opportunity. They also include limited explanations. At budget support meetings no record of reconciliations between local budget monitoring and forecasting record and oracle reports are maintained.	Budget Support Officers have reminded budget holders and administration staff to include an accurate date for order date and invoice date, and a month for the payment date. Budget Support Officers have reminded Budget holders to provide estimates of annual expenditure as soon as a change is known. This formed part of the email sent to budget holders on a monthly basis showing spend to date, and commenced with the November 2019 report sent out in early December 2019. Noncompliance issues to be referred to the Head of Finance and Administration. The budget monitoring and forecasting template has been updated to include a reconciliation section, whereby the total figure in the 'Expenditure in period' column of the Oracle report is entered. Once the reconciliation has been performed and the month of payment entered, any discrepancy should be highlighted. This is available for 2020/21 Budget Monitoring and Forecasting. **Actions completed.**
Discipline and Grievance	Substantial Assurance 4 x priority 3 actions	October 2019	The audit found areas of possible ambiguity within the Bullying and Harassment in the Workplace Policy. The Disciplinary and Grievance procedures did not state if timescales refer to working days or not. The Disciplinary procedures contained some inconsistent information.	The policies and procedures have been reviewed and changed. **Actions completed.**