



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

Internal Audit Progress Report 2020/21

Assistant Director – Audit Assurance: Stuart Cutts
Head of Internal Audit: Max Thomas

Date: 22 September 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 2020/21 Internal Audit plan on 17 March 2020. This report summarises the progress made to date.

Internal Audit work update

- 3 Since the last Committee in June 2020, we have completed one report on the Mobile Data Terminal replacement project to final report stage. A copy of the final report is also included in the papers to this committee. Work on Procurement planned for 2019/20 was temporarily paused by management due to Covid-19. We are currently discussing with the relevant senior officer to agree an appropriate time to restart and complete this work, and will provide a verbal update to the committee on the latest position.
- 4 Further information on the audit work agreed to be performed in 2020/21 is included in Appendix A. We have had conversations with key officers to help start to plan that work. For those audits proposed start dates are also included in appendix A. We are planning for the majority of the audit work to be undertaken between now and the end of 2020. We are on target to deliver the agreed Audit Plan by the end of April 2021.

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.
- 6 In February 2020 CIPFA issued guidance on the use of opinions by local authority internal audit teams. The guidance included a recommendation that standard opinions and definitions should be adopted by the sector. Part of the rationale was that it will provide more clarity, improve understanding and allow for easier comparison between organisations. Following consideration of the guidance, including discussions with our client s151 officers and other heads of internal audit Veritau have adopted this new guidance for future audits.
- 7 The main change is now there is a 4 level of opinion grading, compared to the previous 5. The updated opinion definitions are included in Appendix B. For ease of reference (so members can see the grading and wording differences) the old opinion definitions are included in Appendix C. No changes have been made to our priority level for actions.

Follow up of previous audit findings

- 8 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.
- 9 Overall there are no significant issues we need to report to the Committee.

Stuart Cutts,
Assistant Director – Audit Assurance
The Veritau Group

22 September 2020

Appendix A

Table of audit assignments

Audit	Status	Assurance Level (if Completed) / Planned Fieldwork Start Date (if Not Started)	Audit Committee
2020/21 audits			
<u>Risk Register audits</u>			
ICT Infrastructure	Planning	Quarter 3	-
Control Room	Planning	Quarter 3	-
Human Resources and Planning, Recruitment and Retention	-	Quarter 4	-
<u>Governance and Regularity audits</u>			
Risk Management	Planning	Quarter 3	-
Tranman Stores and Transport systems	Planning	Quarter 3	-
Follow up	Ongoing	-	-
2019/20 audits			
Mobile Data Terminal replacement project	Final Report	No opinion given	September 2020
Procurement	In Progress	-	-

Audit Opinions and Priorities for Actions – NEW

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is now based on 4 grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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.

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.

Audit Opinions and Priorities for Actions - OLD

Audit Opinions	
<p>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.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
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.