



**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:** 15 December 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, we provide regular reports to this committee on the progress being made to complete the audit plan and the findings of our work.

## **Internal Audit work update**

- 2 Since the last Audit Committee meeting in September 2020, we have completed the fieldwork and issued a draft report on Procurement. Officers are in the process of providing actions to help address the findings and issues we have highlighted. We hope to issue the audit as a final report, before Christmas.
- 3 The detailed fieldwork on the Control Room and ICT infrastructure audits has just been completed. Both audit reports should be issued in draft in December 2020 following completion of our internal review processes and closing discussions with officers. Fieldwork is also substantially complete for both our Supplies and Stores and Risk Management audits. Work on Human Resources is due to start in early 2021. Overall good progress has been made and we are on target to deliver the agreed Audit Plan by the end of April 2021. Further details on the 2020/21 audit work is included in Appendix A.

## **Audit Opinions**

- 4 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. Further information on our opinion rankings and the priorities for agreed actions is included in Appendix B.

## **Follow up of previous audit findings**

- 5 It is important agreed actions are regularly and formally followed up. This helps to provide assurance to management and this Committee that control weaknesses have been properly addressed. We follow up agreed actions either as part of our audit work, or by separate review, after the agreed deadlines for actions have passed. We have agreed to provide further information twice yearly to this Committee of the progress that has been made.
- 6 Further information for those actions where the deadlines for completion have passed since the May 2020 Committee meeting are included in Appendix C. Progress has been made and there are no significant issues we need to report to the Committee. Further work is required in our ongoing audit of the Tranman Stores and Transport system to be able to fully assess whether the previously reported control weaknesses have been addressed.

Stuart Cutts,  
Assistant Director – Audit Assurance

4 December 2020

## Appendix A

### Table of audit assignments to 4 December 2020

Audit	Status	Assurance Level	Audit Committee
<u>Risk Register audits</u>			
ICT Infrastructure	Fieldwork completed	-	-
Control Room	Fieldwork completed	-	-
Human Resources and Planning, Recruitment and Retention	Audit work planned for January - March 2021	-	-
<u>Governance and Regularity audits</u>			
Risk Management	Fieldwork in progress	-	-
Supplies and Stores (Tranman & AMS systems)	Fieldwork in progress	-	-
<u>Work funded from 2019/20 audit plan concluded in 2020/21</u>			
Mobile Data Terminal replacement project	Final Report	No opinion given	<b>September 2020</b>
Procurement	Draft Report		
Follow up of previous audit findings	Undertaken on an ongoing basis	-	-

## Audit Opinions and Priorities for Actions

### 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.

## Progress to implement previously agreed actions

System/Area	Opinion and Actions	Areas reviewed	Date Issued	Area(s) for Improvement	Management Action(s) and Audit update on assessment on internal control environment
Supplies and Stores (Tranman)	Limited Assurance 4 x priority 2 action 2 x priority 3 actions	We reviewed the Tranman supplies and store system to ensure: <ul style="list-style-type: none"> <li>The transition from Fleetplan (the previous system) to Tranman had been completed effectively</li> <li>Records on Tranman were accurately and properly maintained</li> <li>Reconciliations between Tranman and other systems were completed on a regular basis</li> </ul>	March 2020 (Full report was presented to the June 2020 Audit Committee)	<p>Stock ordering and management was not being performed proactively using information provided by and functionality available within Tranman.</p> <p>There was insufficient separation of duties in the process of ordering stock.</p> <p>Stock adjustments were not subject to review or authorisation.</p> <p>During the implementation of Tranman no formal training was provided to members of staff.</p> <p>If supplies issue logs are closed all orders allocated to the supplies issue log are subsequently deleted.</p> <p>Staff details are collected and input manually in to Tranman by the Logistics Officer.</p>	<p>A number of management actions were agreed to address the issues highlighted in the audit review. Work has been undertaken with an aim to improve and address all findings. In September 2020 the service introduced the AMS system as the tool for the management of stock, supplies and operational equipment.</p> <p>As part of our 2020/21 audit work we are reviewing whether all previous identified areas for improvement have been addressed. The field work is substantially complete and we expect to be in a position to report the progress made to the next Audit Committee in March 2021.</p>
Purchase Orders	Substantial Assurance 2 x priority 3 actions	We reviewed purchase orders within Transport and Logistics to ensure: <ul style="list-style-type: none"> <li>Orders are input in an accurate and timely manner</li> <li>Processes are performed consistently and</li> </ul>	February 2020 (Full report was presented to the March 2020 Audit Committee)	<p>Transport and Logistics purchases were being manually recorded on four separate systems. The four systems did not interact with one another and every order has to be entered onto each systems independently.</p> <p>Paper invoices are distributed internally on payment runs twice a</p>	<p>An action plan is being developed, mirroring the ordering system used in Transport. The plan will involve liaison with ICT and Finance, including checking that any new processes are compliant with Finance's procedures. The action plan will examine the digital distribution of invoices.</p> <p>We are awaiting a further update from the Service's Head of Assets and will provide a verbal</p>

System/Area	Opinion and Actions	Areas reviewed	Date Issued	Area(s) for Improvement	Management Action(s) and Audit update on assessment on internal control environment
		efficiently across the service		week. The use of paper and associated processes takes more time in comparison to performing the processes electronically.	update to the committee on any additional information received.