



# Dorset Fire Authority

MEETING	Dorset Fire Authority
DATE OF MEETING	4 <sup>th</sup> December 2015
OFFICER	Treasurer to the Fire Authority
SUBJECT OF THE REPORT	Progress Report of SWAP Internal Audit Plan for 2015/16
EXECUTIVE SUMMARY	The report summarises the work of the Internal Audit Service for the 2015/16 Audit Plan to provide a schedule summarising the audits completed since the last update.
RISK ASSESSMENT	<p>The report contains a summary of the outcomes from Internal Audit work completed during the period. Although weaknesses have been identified, none of these are judged to represent a significant risk to the Authority's control environment.</p> <p>The maintenance of an adequate and effective internal audit service is a statutory requirement for the Fire Authority. Without an adequate and effective internal audit service, there would be a lack of independent assurance on the risk, control and governance framework and possibly higher external audit costs.</p>
COMMUNITY IMPACT ASSESSMENT	N/A
	<i>Note: If the matrix indicates negative impacts on the community or staff, an equality impact assessment (EIA) will need to be completed.</i>
BUDGET IMPLICATIONS	None
RECOMMENDATIONS	1. It is recommended that the Committee notes the progress in completing the Annual Internal Audit Plan for 2015/2016.
BACKGROUND PAPERS	None
APPENDICES	A: Progress against 2015/2016 Internal Audit Plan B: Outcome of Audits completed March to November 2015 C: Audit Framework Definitions
REPORT ORIGINATOR AND CONTACT	David Hill, Director, South West Audit Partnership <a href="mailto:david.hill@southwestaudit.co.uk">david.hill@southwestaudit.co.uk</a>

## 1. Background

- 1.1 Under the Accounts and Audit Regulations (England) 2011, the Fire Authority is required to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
- 1.2 The Dorset Fire Authority's Financial Regulations require the Treasurer to the Fire Authority to maintain an effective internal audit function, operating in accordance with the statutory obligations and regulations contained in the Accounts and Audit Regulations 2014. The level of agreed audit days is 68 days split between financial/corporate governance and other risks being faced by the Authority.
- 1.3 South West Audit Partnership work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The work of the Partnership is guided by the Internal Audit Charter which is reviewed and approved annually by this Committee.
- 1.4 The findings of audit reviews are discussed with senior managers on behalf of the Chief Fire Officer and, where appropriate, agreed action is recorded in the implementation plan accompanying the final report. Progress is reviewed on a quarterly basis by senior managers and discussed with SWAP. Outcomes from audit reviews are summarised in half-yearly reports to the Audit and Scrutiny Committee together with plan progress and any high risks identified.

## 2. 2015/2016 Plan Progress

- 2.1 The table in Appendix A shows the current status and intended timing of each planned audit assignment for 2015/2016.

## 3. Summary of Audits Completed March 2015 to November 2015

- 3.1 Appendix B provides a summary of the audits completed between March and November 2015. These audits did not reveal any significant weaknesses. There is a strong working relationship between the Service and SWAP and action to strengthen controls has been agreed with managers.

## 4. Service Delivery

- 4.1 The Internal Audit Plan will be delivered in partnership with the South West Audit Partnership.

4.2 The key contact for the partnership is:

Dave Hill, Director - Telephone 07595711087  
[david.hill@southwestaudit.co.uk](mailto:david.hill@southwestaudit.co.uk)

**RICHARD BATES**

Treasurer

December 2015

## Appendix A

## Progress against 2015/2016 Internal Audit Plan

Audit	Status	Planned Timing
Annual Governance Statement Review	Completed	Qtr 1 (Apr-Jun 2015)
Internal Reviews	Completed	Qtr 1 (Apr-Jun 2015)
Creditors	In Progress	Qtr 3 (Oct-Dec 2015)
Key Financial Controls	In Progress	Qtr 3 (Oct-Dec 2015)
<u>Responsive Audit Reviews:-</u>		
Combination Health Check	Completed	Qtr 2 (Jul-Sep 2015)
IT Active Directory	In Progress	Qtr 2 (Jul-Sep 2015)
Fire Authority Combination Readiness Review (Go Live)	In Progress	Qtr 3 (Oct-Dec 2015)

Appendix B

Outcome of Audit Assignments Completed – March to November 2015





Audit	Scope & Objective	Audit Assurance Opinion	No. of Recommendations				Summary of Findings
			High			Low	
			Priority 4	Priority 3	Priority 2	Priority 1	
Internal Reviews 2015/16	The professional standards internal audit work provides the Treasurer with assurance on internal governance arrangements for DFRS.	Reasonable Assurance		Two	Two		<p>It was observed during this review that recommendations made of a high risk nature need to be formally reported to the SMT on a regular basis along with details of the progress being made.</p> <p>Additionally, when reporting to A&amp;S Committee, details provided are very high level only. Information could be enhanced for Committee Members with the provision of a short summary of audit findings in order to give a clearer context for areas being reported on.</p> <p>It is also our opinion that once the combined Authority is in place, reporting to the SMT and A&amp;S Committee should revert back to receiving quarterly updates.</p>

Audit	Scope & Objective	Audit Assurance Opinion	No. of Recommendations				Summary of Findings
			High			Low	
			Priority 4	Priority 3	Priority 2	Priority 1	
Combination Health Check 2015/16	To deliver programme assurance against six key areas; Strategic & leadership Planning for Combination Finance & Governance Policies & Procedures ICT and Information Management People	Non Opinion					The conclusions were reported to the shadow Policy & Resources Committee on 22 <sup>nd</sup> July 2015. We concluded that the successful delivery of the programme appears highly likely and there are no major issues at this stage that appear to threaten delivery.

## Appendix C

## Audit Framework Definitions

## Control Assurance Definitions

<b>Substantial</b>		I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
<b>Reasonable</b>		I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>		I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>None</b>		I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

## Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

- Priority 5:** Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
- Priority 4:** Important findings that need to be resolved by management.
- Priority 3:** The accuracy of records is at risk and requires attention.
- Priority 2:** Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1:** Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

## Definitions of Corporate Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit and Scrutiny Committee.