



**DORSET & WILTSHIRE  
FIRE AND RESCUE  
AUTHORITY**

Item 06

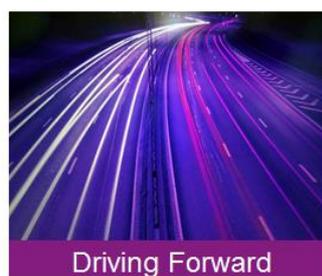
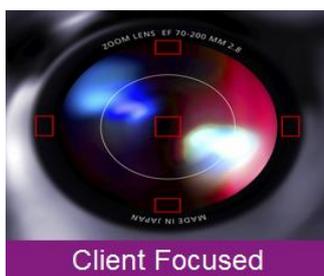
MEETING	Finance, Governance and Audit Committee
DATE OF MEETING	22 March 2017
SUBJECT OF THE REPORT	Internal Audit progress report
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For consideration and approval
EXECUTIVE SUMMARY	Internal audits have been undertaken covering Key Financial Controls and Cultural Alignment Review. The report details the key findings along with the agreed management actions that are being progressed.
RISK ASSESSMENT	Failure to establish and monitor a programme of internal audits may increase risks to the Authority. This programme and its associated audits significantly mitigate this risk.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report
BUDGET IMPLICATIONS	None for the purposes of this report
RECOMMENDATIONS	It is recommended that Members: 1) Consider and approve the audit reports
BACKGROUND PAPERS	None
APPENDICES	None
REPORT ORIGINATOR AND CONTACT	Robin Pritchard (Gateway Assure), Engagement Director Email: robin.pritchard@gatewayassure.com Tel: 07792 296830



# Dorset & Wiltshire Fire and Rescue Services

## Internal Audit Report

### Block 4 2016/17



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### CONTACT DETAILS – MANAGEMENT TEAM

Team Member	Role	Mobile	Email
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# INTRODUCTION

## OPERATIONAL AUDIT PLAN

- 1.1 This report summarises the outcome of work completed to date against the operational audit plan approved by the Authority. It incorporates cumulative data in support of the internal audit performance and how our work during the year feeds in to our annual opinion.
- 1.2 The sequence and timing of individual reviews has been discussed and agreed with management to ensure the completion of all audits within the agreed Internal Audit Strategy 2016/17; the current planned schedule is shown in Appendix C.
- 1.3 In brief the areas subject to audit on this occasion and the result of those audits are as follows:

Audit Area	Opinion	Recommendations				
		F	S	MA	Total	Agreed
Key Financial Controls- Overview	Adequate	0	2	4	6	6
Cultural Alignment Review	Substantial	0	1	2	3	3

### KEY

<b>Fundamental (F)</b>	- The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan.
<b>Significant (S)</b>	- Attention to be given to resolving the position as the organisation may be subject to significant risks.
<b>Merits Attention (MA)</b>	- Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness.

- 1.4 We would like to take this opportunity to thank all members of staff for their co-operation and assistance during the course of our visit.
- 1.5 The results of each audit are reported through the Executive Summary and agreed Action Plan contained within **Appendix A**. A Summary of Opinions and Recommendations is shown as **Appendix B** and progress against the Operational Plan is detailed at **Appendix C**.

## STANDARDS

- 1.6 We have performed our work in accordance with the principles of the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) 2013 and the Public Sector Internal Audit Standards (PSIAS) 2013 in so far as they are applicable to you our client. Our working papers are available for inspection.

## QUERIES

- 1.7 Should any recipient of this report have any queries over its interpretation or content they should contact the client engagement director either directly or through the client contact as appropriate and we shall be happy to discuss the assignments and provide any detail or explanations necessary.

## SCOPE & BACKGROUND

- 1.8 We have reviewed each area in accordance with the scope and objectives agreed with management prior to our visit. Appendix A provides detail of the scope of our work; our conclusions regarding the level of assurance that can be provided and where appropriate the agreed Action Plan to be implemented by management to remedy potential control weaknesses.
- 1.9 Our approach was to document and evaluate the adequacy of controls operating within each system. For each system the key controls operated by management were assessed against the controls we would expect to find in place if best practice in relation to the effective management of risk, the delivery of good governance and the attainment of management objectives is to be achieved. Where

applicable, selected and targeted testing has been used to support the findings and conclusions reached.

- 1.10 We report by exception and only highlight those matters that we believe merit acknowledgement in terms of good practice or undermine a system's control environment and which require attention by management.

## AUDIT OBJECTIVE & OPINION

- 1.11 The objective of our audit was to evaluate the auditable areas with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.
- 1.12 Our opinion is based upon the control framework (as currently laid down and operated) and its ability to adequately manage and control those risks material to the achievement of the organisation's objectives for this area. We provide our opinion taking account of the issues identified in the Executive Summary and Action Plan.

## Overall Opinion

- 1.13 Each Executive Summary provides an overall assessment of our findings for each system reviewed and provides an opinion on the extent to which management may rely on the adequacy and application of the internal control system to manage and mitigate against risks material to the achievement of the organisation's objectives for each area.

## Conclusion on the Adequacy of Control Framework

- 1.14 Based on the evidence obtained, we conclude for each area upon the design of the system of control, and whether if complied with, it is sufficiently robust to provide assurance that the activities and procedures in place will achieve the objectives for the system.

## Conclusion on the Application of Controls

- 1.15 Based on the evidence obtained from our testing, we conclude for each area upon the application of established controls.

## VALUE FOR MONEY

- 1.16 Where value for money issues are identified as a result of our work the corresponding recommendation will be annotated with **VFM** in the bottom right hand corner. This is used to identify recommendations which have potential value for money implications for the organisation or which indicated instances of over control.

## PREVIOUS AUDIT RECOMMENDATIONS (FOLLOW UP)

- 1.17 Where a previously accepted audit recommendation remains outstanding at the time of our review and the original implementation date has passed the corresponding recommendation within Appendix A will be annotated with **PAR** in the bottom right hand corner.

# EXECUTIVE SUMMARY

## FINDINGS & CONCLUSIONS

- 2.1 The results of our visit to Dorset and Wiltshire Fire & Rescue Service (DWFRS) are summarised in this section of the report and are considered in relation to each area reviewed.
- 2.2 The extent of comment in relation to each audit area is restricted deliberately so as to highlight the key issues that we believe need to be drawn to the attention of the Finance and Audit Committee and management and are supported by a more detailed analysis of each review that is contained as Appendix A to this report.

## Key Financial Controls – Overview

### General

- 2.3 The review was intended to consider the extent to which a structured framework of controls exists within the Service regarding what might be regarded as the key financial controls that ensure the routine, accurate and timely reporting of financial performance. We anticipate that in future years a 'deeper dive' will be conducted into particular areas on a cyclical basis and in 2017/18, initial discussions with the Senior Leadership Team (SLT) reflect a focus being beneficial on budgetary control and payroll.
- 2.4 Following the combination of the two former Services, the Finance team has been developed through combining staff selected from the two financial service teams and who work over three sites covering the North area, the South Area and Five Rivers. The team is made up of both qualified and unqualified staff appropriate to deliver the finance function of the Service. The Service uses an updated version of the Agresso Financial Management system previously used by Wiltshire Fire & Rescue Service. Agresso is a comprehensive financial management solution, well established within the public sector.
- 2.5 Restricted access to all relevant finance records for a staff member's responsibilities is available to all finance team members, regardless of which site they are working. It was noted however that processing speed at Five Rivers was not as quick as the other locations and "drop out" from the system does occur. The Service is aware of the issues and the ICT team are working to 'fix' the problem.

### Accounting and Budgeting

- 2.6 Members of the finance team are allocated specific roles and responsibilities, in line with their respected qualifications and experience. In addition, where a job share occurs at the management accounting level, a checklist of tasks and those completed items is prepared to ensure effective working. This document is not however included on a shared drive, so in the event of long term absence of either of the job share employees, there is a risk that confusion may arise on what jobs have been completed and which are still outstanding. We recommend that the checklist is introduced into a shared area which can be accessed by appropriate employees.
- 2.7 Currently full financial management accounts are produced on a quarterly basis for presentation to the Finance and Audit Committee. With the increased importance being placed on funding and financial activity within public bodies there has been a move to the introduction of regular financial dashboards being published on a more frequent basis, keeping relevant stakeholders fully aware of the financial state of the organisation. We recommend that a financial dashboard is introduced on a monthly basis to support the quarterly reporting process. Consisting of relevant performance

indicators relating to pay budgets, other key budget lines and selected balance sheet items that impact on cash flow, this could be presented to the SLT in order to maintain review of key financial performance targets on a more regular basis.

- 2.8 At present the budgetary control and reporting framework continues to be developed for the new Service. The finance team produce a monthly set of reconciliations, which includes a detailed analysis of the salaries budgets, as this comprises 70% of the revenue budget, and hence is monitored closely. A significant underspend on salaries budgets in 2016/17 has arisen for a number of well reported factors surrounding the Combination and recruitment. Further detailed budgetary control relies on the quarterly processes referred to above. Moving forward the finance team is in the process of rolling out a new budget monitoring process across the Service using the Agresso Planner module. We will carry out a more in-depth review of this process in 2017/18.
- 2.9 On a regular basis, depending on the Budget Holder's experience of the system, meetings are held between the budget holders and the Finance team, usually on a monthly basis to discuss any issues arising. Discussions confirmed that actions points were discussed at these meetings but not formally recorded. We would recommend that the action points are formally recorded and used as an aide memoire for future meetings to ensure actions and issues are fully addressed.

## Purchasing

- 2.10 There is a dedicated exchequer team in place to administer the Agresso purchasing system, which is acting as a monitor to the use of the system and seeks to identify any unusual behaviour leading to budgets being exceeded. Management are aware that the system currently allows budgets to be exceeded and therefore regularly monitor the budget position. This information is clearly shown in the reports run from Agresso on a monthly basis. Moving forward the Agresso system will be set up to perform automatic budget checks as purchase requisitions are raised and authorised.
- 2.11 Access to the Agresso system is controlled by the Financial Systems Manager. Most non-finance users access Agresso through a web based interface. Each user who needs to access the system is given a specific log in which defines their access rights to be able to input, authorise or administer certain cost centre and accounts appropriate to their role and responsibilities. It was identified that when a change in employment occurs the leavers' line manager informs the Financial Systems Manager to change the system. We have recommended that changes in employment are notified on a monthly basis by the HR team to the Financial Systems Manager to ensure timely processing to ensure no unauthorised access is allowed to the system.
- 2.12 Whilst discussing the system with the Financial Systems Manager it was confirmed that Purchase Order (PO) usage, although advocated within the Procurement policy was not uniformly adhered to at all times. It is acknowledged that efforts have been made to inform the staff of the importance of the purchase order process in many ways, including entries in the weekly staff briefing, and the situation is steadily improving. We recommend that the Finance Team continue to reinforce the importance of the raising of PO's on an individual basis with those who are non-compliant.

## Sales Invoicing

- 2.13 Sales invoicing is also managed through the Agresso system. The amounts involved are not as significant as the purchase/expenditure side and vary in content from rental income to recharges for services to other public bodies. The Agresso system works in the same way as for the expenditure side with input and authorisation processes required to ensure appropriate segregation of duties. Regular control over both income and expenditure is maintained by the production of control accounts and aged debtor and creditors listings on a monthly basis.

## Treasury Management

- 2.14 The Service currently holds circa £16m in the form of investments. An approved Investment Policy is in place which covers all the expected control and processes to adequately manage these funds. An approved list of counterparties which can be used for investments is maintained and complied with. Within the list a set limit of investment is established for each counterparty, thus spreading any potential risk which may arise.
- 2.15 Control over the investments is completed on a spreadsheet showing all the current investments and expiry dates. In addition, a cash flow is prepared to identify when and the amount of funds which will be available to invest. This information is looked at on a daily basis. On a quarterly basis a treasury management report is produced by the team and presented to the Head of Finance and Treasurer. This information is used to populate the 6 monthly treasury management update reports which are presented to the Finance and Audit Committee of the Authority.
- 2.16 The team maintains a 12 month cash flow forecast for each financial year. This is updated with actual cash flows as they occur, and changes made to future forecasts where appropriate. We have discussed potential enhancements to the cash flow forecasting which we feel would be beneficial to financial management within the Service, these are:
- The use of a rolling 12 month forecast which aligns with financial forecasts in the business plan, and
  - The inclusion of consideration regarding performance against the forecast position on a routine basis as this allows comparison of the current position against forecast and allows explanation of differences; this will provide lessons learnt for future forecasting and ensure that there is nothing that the Service forecast that hasn't occurred which is not included in the future forecast.
- 2.17 A review of the filing arrangements for transactions was undertaken by the audit team during the fieldwork and this confirmed that it was appropriate for the size and nature of the investment portfolio. Daily files are created which include all the supporting information for that day, and included on the system in a finance folder to which access is appropriately restricted and which is accessible at all three locations.

Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **adequate assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

## Cultural Alignment Review

- 2.18 The review has focused on the arrangements being made by the Authority following combination to develop a one organisation identity in terms of its profile and the degree to which a single identifiable culture is being embedded within the new organisation.
- 2.19 The Authority has in place a multi-strand approach to responding to the need to establish the new identity which is co-ordinated within the 'People Programme' and which includes response to the Thomas Review; this encompasses matters of both a governance and operational nature. The programme in the form of recognised Key Lines of Enquiry (KLOE) has been managed during 2016/17 with four areas of focus being:
- Transformational Leadership
  - Employee Development

- Employer of Choice, and
- One Service – One Team

A further priority regarding 'People' is being proposed for inclusion in the programme for 2017/18.

- 2.20 Each key priority is then supported by documented Principles and Projects which also align with activities and tasks that have been aligned to the recommendations set out in response to the Thomas Review. A grading structure evaluating the progress of each of the four KLOE against a baseline assessment that will be developed and agreed through the corporate planning cycle, is the mechanism that will be used to track the progress of the KLOE that support the fifth priority. This will indicate whether the programme area is developing, established or advanced. This approach is in line with existing performance management and governance arrangements for the four priorities that have been in place during 2015/16. Progress in relation to activities and task is then monitored through Sycle at an operational level.
- 2.21 A report is to be presented to the Authority on 9 March 2017 which summarises progress against the recommendations of the Thomas Report as well as that relating to the various activities. The programme therefore represents a robust framework against which the Authority can assess the degree of Cultural Change that has occurred.
- 2.22 At present however, no overall summary of perceived progress has been compiled with regard to Cultural Change as management of events through Sycle is the primary source of monitoring and with regard to which the SLT is involved in an oversight role. We have discussed the question as to what the end result of the Cultural Change programme will look like with the Assistant Chief Fire Officer, and have suggested that it would be beneficial to express activities and tasks in terms of outcomes, which can be monitored and reported through Sycle, to SLT and to Members in a transparent manner. It would be beneficial to support this with a summary of the programmes progress against the KLOE's priorities on a regular basis. The Service intends to refresh the Community Safety Plan in the period to 31 May 2017. Part of this work is to develop an evaluation framework that covers all of the priorities and KLOE. It is understood that this will be outcome focused and also mapped to appropriate external strategic plans across police, local authorities and health.
- 2.23 Significant progress has been made in terms of aligning structures, systems, policies and procedures although further development continues within relevant programme monitoring functions.
- 2.24 During the review, testing was undertaken regarding a number of activities being monitored through Sycle as well as considering aspects of branding which we expected would have been addressed. This revealed that:
- The Wiltshire FRS website was still live whereas the Dorset FRS website contained a forwarding link to the new DWFRS website; the same approach should be introduced at the Wiltshire FRS website.
  - Wifi access at Five Rivers is available but the identities still refer to the former DFRS and WFRS locations, these could be beneficially renamed to new branding – the Service has plans to complete this work by 31 March 2017 as part of the ICT migration project.
  - There is an open action regarding update of Corporate screens with a due date of September 2017, the presence of dated branding such as this often encourages attachment to past values, identities and cultures; if possible we would recommend that the implementation date is brought forward.
- 2.25 The current programme is significantly focused on internal stakeholder engagement, although consideration is being given to external perceptions of the single identity following publication of the performance statistics in the Annual Report in September 2017. An area of governance highlighted of by the Thomas Review concerns engagement with Members, as along with key staff and firefighters, they have an ambassadorial like role in promoting the success of the organisation both in

terms of its outward facing communication as well as engaging effectively in an oversight role internally.

- 2.26 The Finance and Audit Committee will be the overseer of the People Programme once the KLOE and the additional priority are aligned. In terms of moving forward, it will be important that Members continue to be engaged, supportive and committed to the successful implementation of the Cultural Change Programme as this is in the public interest of the whole of the community of Dorset and Wiltshire.

Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

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## APPENDIX A1 – 10/17 KEY FINANCIAL CONTROLS – OVERVIEW

<b>Management Objective:</b>	Review of key financial controls to ensure the accuracy of management information upon which decisions are based is robust		
<b>Responsible Officer:</b>	Ian Cotter – Head of Financial Services		
<b>Risk areas for consideration:</b>			
Key financial controls have lapsed giving rise to potential issues relating to accuracy or timeliness of financial reporting, potential opportunities for fraud or year end problems relating to the financial accounts.			
<b>Limitations to scope:</b>			
There were no limitations to scope for this review			
<b>Overall opinion:</b>	Adequate	<b>Adequacy of control framework:</b>	Adequate
		<b>Application of control:</b>	Adequate

Main Recommendations	Priority	Management Response	Implementation Plan
<b>1. Budget Holder meetings</b> When Budget holders meet with the management accountants we recommend that a schedule of action points are prepared after each meeting which can be tracked to ensure all suggested actions are completed.	S	We plan to ensure this process is in place from the 2017/18 financial year.	<b>Responsibility: Principal Financial Accountant</b>  <b>Target date: June 2017</b>
<b>2. Agresso Training</b> Whilst training on Agresso has been provided to relevant staff, we recommend that a programme of regular training on the Agresso system is introduced to ensure all users remain competent in its use.	MA	We will establish a regular programme of training from 2017/18. This will ensure new staff are trained, as well as maintaining competence of existing staff.	<b>Responsibility: Financial Systems Manager</b>  <b>Target date: June 2017</b>

<p><b>3. Purchase Order usage</b> The Procurement policy advocates the use of Purchase Orders where possible. We recommend that this message is reinforced to all those employees who are involved in the procurement process. It may be beneficial to state those supplies which are the exception to this rule and do not require a PO such as Utility bills as this may amplify the point that everything else does.</p>	<b>MA</b>	We will continue with regular reminders in the Weekly Update and discuss with Budget Managers through the budget monitoring process.	<p><b>Responsibility: Exchequer Manager</b></p> <p><b>Target date: April 2017</b></p>
<p><b>4. Agresso System Access</b> We recommend that forms communicating the starters and leavers of the service are introduced and are passed from HR to the Financial Systems Manager to ensure access to the system is started or ceased in a timely manner.</p>	<b>MA</b>	The Service will move to one HR management system from April 2017. This system will send automatic email alerts each time someone leaves the Service.	<p><b>Responsibility: Financial Systems Manager</b></p> <p><b>Target date: April 2017</b></p>
<p><b>5. Financial Management information</b> We recommend that a financial dashboard of key financial performance indicators is produced on a monthly basis to support routine monitoring of performance.</p>	<b>S</b>	The content and requirements for this will be discussed and agreed with SLT to be implemented during 2017/18	<p><b>Responsibility: Head of Financial Services</b></p> <p><b>Target date: June 2017</b></p>
<p><b>6. Accounting Timetable of Operational Activities</b> We recommend that an accounting timetable is introduced which identifies what tasks need to be completed by whom and by when. This schedule should be available to all Finance staff to ensure the department are all working to the same objective.</p>	<b>MA</b>	We already have in place an established timetable for the accounts closedown process. We will look to introduce a timetable covering other regular control processes.	<p><b>Responsibility: Principal Financial Accountant</b></p> <p><b>Target date: June 2017</b></p>
<p><b>7. Treasury Management</b> The Service should further develop its cashflow forecasting procedures to align with financial plans and consider events on a 12 month rolling basis. It would also be beneficial to introduce analysis of current position against forecast in order to gain an increasing understanding of cash flow within the Service.</p>	<b>S</b>	We will adapt the current processes from 2017/18 onwards.	<p><b>Responsibility: Principal Financial Accountant</b></p> <p><b>Target date: April 2017</b></p>

**KEY**

- |                              |   |  |
|------------------------------|---|--|
| <b>Fundamental (F)</b>       | - | The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan. |
| <b>Significant (S)</b>       | - | Attention to be given to resolving the position as the organisation may be subject to significant risks.                             |
| <b>Merits Attention (MA)</b> | - | Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness.   |

## APPENDIX A2 – 11/17 CULTURAL ALIGNMENT REVIEW

<b>Management Objective:</b>	Review of the progress being made by DWFRS with regard to establishing a single culture within the merged Authority that provides for the future achievement of corporate and operational objectives.		
<b>Responsible Officer:</b>	Mick Stead, Assistant Chief Fire Officer		
<b>Risk areas for consideration:</b>	<ol style="list-style-type: none"> <li>1. Failure to introduce and establish a single culture reflecting the objectives of the merged Authority may undermine performance and success,</li> <li>2. Failure to embed a single Authority concept within strategic and operational processes will hinder progress.</li> </ol>		
<b>Limitations to scope:</b>	There were no limitations to scope for this review		
<b>Overall opinion:</b>	Substantial	<b>Adequacy of control framework:</b>	Good
		<b>Application of control:</b>	Good

Main Recommendations	Priority	Management Response	Implementation Plan
<b>1. Programme progression</b> It is recommended that the Authority introduce a formal process for monitoring progress with regard to Cultural Change within the entirety of the People Programme and introduce outcome measures that demonstrate achievement of expectations from the cultural change programme.	S	Agreed - an evaluation framework that covers all of the priorities and KLOE will be outcome focused and also mapped to appropriate external strategic plans across police, local authorities and health.	<b>Responsibility:</b> Assistant CFO <b>Target date:</b> 30 June 2017
<b>2. Wiltshire FRS website</b> It is recommended that the website be closed and enquires redirected to the new DWFRS website.	MA	Agreed and will be actioned immediately	<b>Responsibility:</b> Vikki Shearing <b>Target date:</b> 31 March 2017
<b>3. Branding of digital communication</b>	MA	Agreed	<b>Responsibility:</b> Vikki Shearing

It is recommended that areas which remain branded as the former Authority should be identified and rebranded as soon as possible in order to encourage the transition to a single recognised identity.			<b>Target date:</b> 30 June 2017
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**KEY**

- |                              |   |  |
|------------------------------|---|--|
| <b>Fundamental (F)</b>       | - | The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan. |
| <b>Significant (S)</b>       | - | Attention to be given to resolving the position as the organisation may be subject to significant risks.                             |
| <b>Merits Attention (MA)</b> | - | Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness.   |

## APPENDIX B – SUMMARY OF OPINIONS & RECOMMENDATIONS

Reports being considered at this Finance and Audit Committee meeting are shown in italics. The definitions with regard to the levels of assurance given and the classification of recommendations can be found in the Notes section at the end of this report.

Audit	Progress	Opinion	Recommendations Made				
			F	S	MA	Total	Agreed
1. Risk Management	Final Report	Adequate	0	3	0	3	3
2. IT Migration	Final Report	Adequate	0	2	0	2	2
3. Procurement	Final Report	Adequate	0	1	1	2	2
4. HR Workforce Planning	Final Report	Substantial	0	0	1	1	1
5. Information Governance	Final Report	Substantial	0	0	1	1	1
6. Fixed Assets and Inventories	Final Report	Adequate	0	1	2	3	3
7. Corporate Governance	Final Report	Substantial	0	3	3	6	6
8. Information Management System Migration	Draft Report	Substantial	0	0	1	1	1
9. Health & Safety Migration	Draft Report	Substantial	0	0	1	1	1
10. Absence management	Draft Report	Substantial	0	0	0	0	0
11. Complaints, whistleblowing, anti-fraud, corruption and bribery	Final Report	Adequate	0	0	2	2	2
12. Key Financial Controls	Draft Report	Adequate	0	2	4	6	6
13. Cultural Alignment and Development	Planning		0	1	2	3	3
<b>Total</b>			<b>0</b>	<b>13</b>	<b>18</b>	<b>31</b>	<b>31</b>

At the moment there is nothing that impacts negatively upon our annual opinion.

## APPENDIX C – OPERATIONAL PLAN 2016/17

Block 1 Audits - Finance and Audit Committee – 6 July 2016	Plan Days	Actual Days	Progress
1. Risk Management	5	3.5	Complete. Further assurance report planned for Q4
2. IT Migration	5	5	Complete.
3. Procurement	5	6.5	Complete.
4. HR Improvement Plan	5	3	Complete. Further involvement through discussion during 2016/17
5. Information Governance	5	4	Complete.
Management	5	8	Complete. Further assurance report planned for Q4
<b>Total</b>	<b>30</b>	<b>30</b>	
Block 2 Audits - 21 September 2016	Plan Days	Actual Days	Progress
6. Fixed Assets and Inventory	5	6	Complete.
7. Corporate Governance	5	4.5	Complete.
11.Complaints, Whistleblowing, Anti-Fraud, Corruption, and Bribery	3	3	Complete. (note audit 11 was originally planned for block 3 but moved to block 2 and swapped with audit 8 Information Management Systems)
Follow Up	1	1	Review meeting dates set with Officers.
Management	2	2	Complete
<b>Total</b>	<b>16</b>	<b>16.5</b>	
Block 3 Audits - 11 January 2017	Plan Days	Actual Days	Progress
9. Health and Safety Migration	5	5	Complete.
10.Absence Management	4	4	Complete.
8. Information Management Systems	5	4	Complete. (note audit 8 was originally planned for block 2 but moved to block 3 and swapped with audit 11 Complaints, Whistleblowing etc.)
Management	1	2	Complete
<b>Total</b>	<b>15</b>	<b>15</b>	
Block 4 Audits – 6 April 2017	Plan Days	Actual Days	Progress
12.Key Financial Controls	15	15	Complete
13.Cultural Alignment and Development	10	9	Complete
Follow Up	2		
Management	2	3	
<b>Total</b>	<b>29</b>	<b>27</b>	
<b>TOTAL AUDIT DAYS 2016/17</b>	<b>90</b>	<b>88.5</b>	

## APPENDIX D – PERFORMANCE INDICATORS YTD

### Report Turnaround

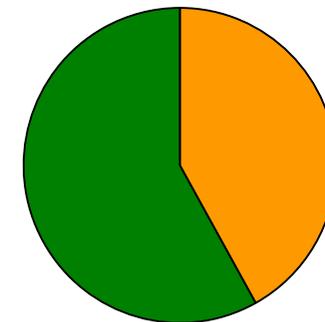
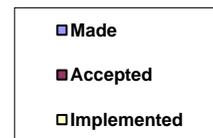
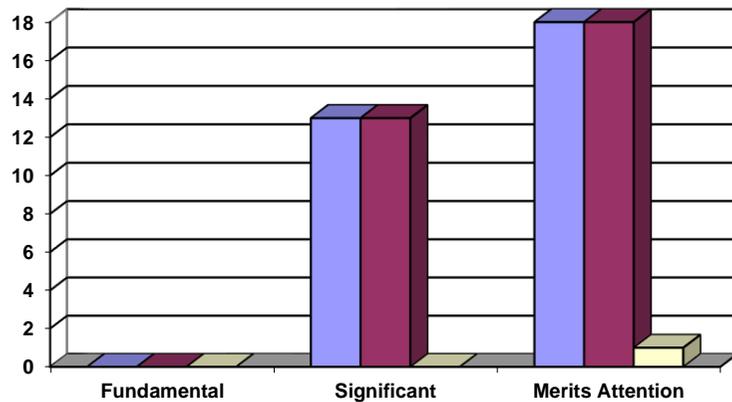
Performance Indicator	Target	Actual	Comments
Draft report turnaround (average working days)	10 days	7 days	
Final report turnaround (average working days)	5 days	1 days	

### Resources

Performance Indicator	Annual	Actual	Comments
Number of Audit Days	90	88.5	On track
Audit Fee	Within Budget	Within Budget	On track – some follow up remains
Director Input	10%	15%	
Manager Input	15%	20%	
IT Auditor Input	10%	0%	
Senior Auditor Input	35%	35%	
Auditor Input	30%	30%	

### Recommendations

#### Made, Accepted & Implemented | Analysis of Priority



## APPENDIX E – NOTES

### KEY FOR RECOMMENDATIONS (IN RELATION TO THE SYSTEM REVIEWED)

<b>Fundamental (F)</b>	- The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan.
<b>Significant (S)</b>	- Attention to be given to resolving the position as the organisation may be subject to significant risks.
<b>Merits Attention (MA)</b>	- Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness.

### ADEQUACY & APPLICATION OF CONTROL

OVERALL OPINION (ASSURANCE)	FRAMEWORK OF CONTROL	APPLICATION OF CONTROL	EXPLANATION	TYPICAL INDICATORS
Substantial (Positive opinion)	Good	Good	The control framework is robust, well documented and consistently applied therefore managing the business critical risks to which the system is subject.	There are no fundamental or significant recommendations attributable to either the Framework or Application of Control.
Adequate (Positive opinion)	Good	Adequate	As above however the audit identified areas of non-compliance which detract from the overall assurance which can be provided and expose areas of risk.	There are no fundamental recommendations surrounding the Framework of Control; coupled with no fundamental and no more than two significant recommendations attributable to the Application of those controls.
	Adequate	Good	The control framework was generally considered sound but with areas of improvement identified to further manage the significant risk exposure; controls were consistently applied.	There are no fundamental recommendations attributable to the Framework of Control.
	Adequate	Adequate	As above however the audit identified areas of non-compliance which expose the organisation to increased levels of risk.	There are no fundamental recommendations attributable to the Framework and Application of Control.
Limited (Negative opinion)	Good / Adequate	Weak	As above however the extent of non-compliance identified prevents the Framework of Control from achieving its objectives and suitably managing the risks to which the organisation is exposed.	There are more than two significant recommendations attributable to the Application of Controls.
	Weak	Good / Adequate	The control framework despite being suitably applied is insufficient to manage the risks identified.	There are more than two significant recommendations attributable to the Framework of Controls.
No (Negative opinion)	Weak	Weak	Both the Framework of Control and its Application are poorly implemented and therefore fail to mitigate the business critical risks to which the organisation is exposed.	There are fundamental recommendation(s) attributable to either or both the Framework and Application of Controls which if not resolved are likely to have an impact on the organisations sustainability.

The above is for guidance only; professional judgement is exercised in all instances.