

Dorset & Wiltshire Fire and Rescue Service

Report of Internal Audit Activity

Plan Progress 2021/22 Quarter 2

Internal Audit Plan Progress 2021/22 Quarter 2

Contents

The contacts at SWAP in connection with this report are:

David Hill

Chief Executive

Tel: 020 8142 5030

david.hill@swapaudit.co.uk

Dan Newens

Principal Auditor

Tel: 020 8142 5030

daniel.newens@swapaudit.co.uk

➡	Introduction	Page 2
➡	Audit Summary	Page 3
➡	Assurance Definitions	Page 4
➡	Performance Management Framework	Page 5-6
➡	General Ledger (Cash and Bank)	Page 7-9
➡	Appendix 1 – 2021/22 Audit Plan and Performance	Page 10-11

Internal Audit Plan Progress 2021/22 Quarter 2

Introduction

This report summarises the Internal Audit activity completed for Dorset & Wiltshire Fire and Rescue Service in Quarter 2 2021/22 in line with the Annual Audit Plan approved by the Finance & Audit (F&A) Committee and the Chief Fire Officer in March 2021.

The schedule provided in Appendix 1 contains a list of all Audits agreed in the Annual Audit Plan 2021/22.

We have provided a summary of activity which outlines our assurance opinion and the number and priority of any recommendations that we made in relation to the Audit work undertaken in Quarter 2. To assist the Committee in its monitoring and scrutiny role, a summary of each audit (objective, risk, controls tested, findings and recommendations) has also been provided, the content of which has been discussed and agreed with the responsible Director.

The scope for each Audit is agreed in advance with nominated managers. This process intends to focus on the key risks to which that area of the Services activity is exposed and the associated controls which we would expect to be in place to ensure that risk is managed.

The key controls have been assessed against those 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.

We have performed our work in accordance with the principles of the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS) in so far as they are applicable to an assignment of this nature and you, our client.

Internal Audit Plan Progress 2020/21 Quarter 2

Audit Summary

In Quarter 2 2021/22, the following Audits were completed in accordance with the Audit Plan:

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Priority of Recommendations		
						1	2	3
Performance Management Framework	Performance Management Corporate Governance Risk Management People & Assets Management	HMICFRS – Effectiveness & Efficiency Pillars Priority 4	Final	Substantial	-	-	-	-
General Ledger (Cash and Bank)	People & Asset Management Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	2	-	-	2

Internal Audit Plan Progress 2021/22 Quarter 2

Assurance Definitions

Each completed Audit has been awarded an “Assurance opinion” rating. This opinion takes account of whether the risks material to the achievement of the organisation’s objectives for this area are adequately managed and controlled. The Assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in the below:

Assurance Definitions

None	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.
Partial	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.
Adequate	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.
Substantial	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.

From our work In Quarter 2, we have made recommendations which seek to strengthen the Services controls within each Audit area. We highlight those matters of that we believe merit acknowledgement in terms of good practice or undermine the system’s control environment, and which require attention by management. All improvement actions are allocated a priority grading and have been agreed with the management teams in the appropriate area.

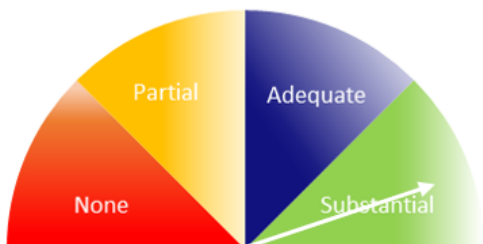
Categorisation of Recommendations

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Internal Audit Plan Progress 2021/22 Quarter 2

Performance Management Framework

Audit Opinion		Summary of Actions	
	Substantial 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.	Priority	Number
		Priority 1	0
		Priority 2	0
		Priority 3	0
		Total	0

Audit Opinion:

Substantial Assurance

Objectives:

To ensure that the Performance Management Framework provides sufficient oversight and tracking of performance against corporate and service objectives.

Risk:

The Performance Management Framework is insufficient and/or ineffective, impacting upon the achievement of corporate and service objectives, the Service's reputation and/or financial performance.

Internal Audit Plan Progress 2021/22 Quarter 2

Performance Management Framework

Controls Tested:

The following areas of control were covered under the scope of this audit programme:

- A Performance Management Framework is in place which reflects the Service's corporate objectives.
- Performance measures are updated regularly and are accurate.
- Timely performance reports are produced, which are overseen and scrutinised by Senior Management and Members.
- Action is taken where performance does not meet the required standard.

Areas of good practice:

The following areas of good practice have been identified during this review:

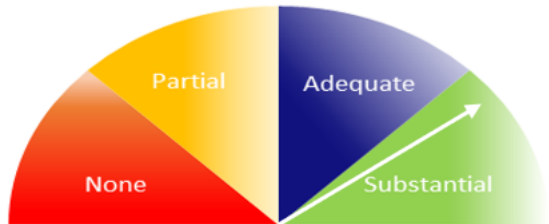
- A Performance Management Framework is in place that defines how Service performance is managed and monitored, with timeframes for reporting and presentation of progress to the Committees and the Authority, and roles and responsibilities of key members of staff defined.
- Performance management is clearly embedded throughout the Service and everyone from operational staff to Heads of Department and Directors are involved in the performance monitoring process. Staff are provided with adequate training to use the Sycle system and dashboard to complete/update their assigned performance tasks/ key performance indicators (KPIs).
- A strategic planning management calendar is in place to ensure all Key Lines of Enquiry (KLOEs) that feed into the service priorities and corresponding KPIs used for monitoring performance throughout the service are monitored. Data is recorded promptly to ensure information reported to the management meeting and committees is complete and up to date.
- Tasks tied to the service KPIs are assigned to responsible officers who update performance data and information in line with the set time scales. Where performance drops below the required standard this is addressed at the appropriate level, and appropriate corrective action is discussed and implemented.
- Regular performance meetings are held across all levels. Monthly management meetings feed up performance information to the higher level quarterly committee meetings including the Finance & Audit Committee and the Local Performance & Scrutiny Committee. Committees are presented with an adequate level of detail regarding the current performance position to ensure they have a clear understanding of how the Service is performing against the priorities and what areas require improvement or additional monitoring.

Summary of Recommendations:

No recommendations were identified during this review.

Internal Audit Plan Progress 2021/22 Quarter 2

General Ledger (Cash and Bank)

Audit Opinion		Summary of Actions	
	Substantial 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.	Priority	Number
		Priority 1	0
		Priority 2	0
		Priority 3	2
		Total	2

Audit Opinion:

Substantial Assurance

Objectives:

To provide assurance that the general ledger controls are working effectively which enables the system to operate successfully.

Risk:

Inadequate or fraudulent transactions occur which cause a financial loss to the Service.

Internal Audit Plan Progress 2021/22 Quarter 2

General Ledger (Cash and Bank)

Controls Tested:

The following areas of control were covered under the scope of this audit programme:

- Access to the ledger and other IT systems is controlled and monitored.
- Management review income and expenditure against budget.
- Journal entries to the general ledger are appropriately controlled.
- Feeder systems are reconciled with the general ledger.
- Suspense accounts are robustly reviewed and reconciled.
- Closing balances from the prior year are accurately rolled forward to current year opening balances.
- Period and year end closedown processes are robustly controlled.

Areas of good practice:

- Some areas of good practice have also been identified during this review:
- The Agresso system can only be accessed by authorised officers, restricted by unique usernames and passwords. New starters can only access the system once they have received training and have been given login details. System access for leavers is removed on a regular basis when weekly leaver reports are received from HR.
- Monthly reconciliations of feeders are undertaken by nominated officers with balances agreed to supporting documentation and reviewed by a senior officer. A trial balance reconciliation is also undertaken monthly to check the supplier and customer control accounts.
- Suspense accounts are monitored by nominated officers on a monthly basis and reviews are also undertaken at the year-end. Any anomalies that are identified are highlighted in the accounts and appropriate corrective action is taken.
- The closing balances for the 2020/21 financial year have been correctly transferred to the opening balances for the 2021/22 financial year.
- Timely year end close downs are undertaken, and all account balances are checked. Year-end journals are completed before period 13 is closed and balances rolled over to the following year. A reconciliation is undertaken on all rolled over balances to ensure the transfer has been completed successfully and confirmation is given to the Chief Accountant.

Internal Audit Plan Progress 2021/22 Quarter 2

Summary of Recommendations:

Findings & Risk	Recommendation	Management Response	Officer Responsible/ Timescale	Rec Priority
1.1 Budget monitoring reports are produced monthly and circulated to the relevant budget owners. The reports provide actual spend information for each month against the forecasted expenditure, and also provide the ongoing variance in relation to the annual budget. During sampling of budget monitoring reports for 2020/21, instances were found of inaccuracies within the data, which were advised to be a result of manual inputting of erroneous amounts. It would be of benefit for key cells within the monitoring reports to be protected to ensure the figures cannot be manually amended. The Chief Accountant stated that there is an ambition to upload financial projections into Agresso, which will further enhance the budget monitoring arrangements in place.	We recommend that the Management Accountant ensures that the cells within the budget monitoring reports containing formulas are protected so that they cannot be accidentally altered, or the formulas be removed.	Agreed	Management Accountant 31 October 2021	3
1.2 Monthly checks of Agresso user access are performed by the Finance System Account Technician. These checks are in place to ensure that there are no inactive user profiles, and that current users have appropriate access levels. These checks, however, are not documented to evidence amendments made. Retention of such evidence would provide a record of corrective action taken and help to inform future access requirements.	We recommend that the Finance System Account Technician ensures that evidence of monthly ledger usage reviews are documented and retained.	Agreed	Finance System Accountant 30 September 2021	3

Internal Audit Plan Progress 2021/22 Quarter 2

Appendix 1 – 2021/22 Audit Plan and Performance

Audit Name	Healthy Organisation Theme	Linked To	Status	Opinion	No of Recs	Recommendations		
						1	2	3
Operational Obsolescence	People & Asset Management Financial Management	HMICFRS Efficiency Pillar Priority 4	Final	Adequate	5	-	-	5
Pensions Administration and Employer Contributions Review	Financial Management	HMICFRS Efficiency Pillar Priority 4, 5	Final	Adequate	4	-	2	2
General Ledger (Cash and Bank)	People & Asset Management Financial Management Performance Management	Strategic Risk 0006 HMICFRS Efficiency Pillar Priority 4	Final	Substantial	2	-	-	2
Corporate Performance Management Framework	Performance Management Corporate Governance Risk Management People & Assets Management	HMICFRS – Effectiveness & Efficiency Pillars Priority 4	Final	Substantial	-	-	-	-
Skills Management and Competency Recording	People & Asset Management Performance Management	HMICFRS People pillar Priority 5	Not Started					
Leadership Development	People & Asset Management Performance Management	HMICFRS People Pillar Priority 5	Not Started					
Strategic Planning and Stakeholder Engagement	Performance Management People & Assets Management Corporate Governance	HMICFRS Effectiveness and Efficiency Pillar Priority 1,2,3, 4	Not Started					
Fixed Assets and Inventories – Stock, Stores and Equipment	People & Asset Management	HMICFRS Efficiency Pillar Priority 4	Not Started					
Follow Ups	All	All	Not Started					

Internal Audit Plan Progress 2021/22 Quarter 2

The performance results for progress against the Internal Audit Plan for Quarter 2 of the 2021/22 Internal Audit Plan are as follows:

Performance Target	Average Performance	
	% of the Annual Plan	Number of Assignments
<u>Audit Plan – Percentage Progress</u>		
Final, Draft, Discussion, Removed	50%	4
In progress, Ongoing	-	-
Not yet started	50%	4
	100%	8

The completion of the plan is currently on target with follow up reviews being undertaken throughout the course of the year.