

# **Internal Audit Progress Report**

## **Audit Committee (December 2023)**

**North Wales Fire and Rescue Service**

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## Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

## Executive Summary

This report provides an update to the Audit Committee in respect of the progress made in against the Internal Audit Plan for 2023/24 and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are included within the Audit Committee papers. In addition, a consolidated follow up position is reported on a periodic basis to the Audit Committee.

This progress report covers the period 19<sup>th</sup> August to 31<sup>st</sup> November 2023

### 3 Executive Summary

#### 2023/24 Audit Reviews

The following reviews have been finalised:

- Payroll & Attendance Management (Substantial Assurance)

Overall, the review identified that controls were designed and operating effectively, noting some areas of improvement. A number of recommendations were raised including the development of a Payroll Policy, accuracy of the effective date of change captured on i-Trent, monitoring of access rights on i-Trent and the retention of evidence of stage reviews and keeping in touch interviews in relation to attendance management. ***The full report has been included separately in the Audit Committee papers.***

- National Fraud Initiative (NFI) Preparation Briefing

An initial Briefing Note was issued in September 2023 which provided a summary of the data matches received. Further work will be undertaken later in the year with a more detailed examination of the potential matches following our investigation.

- Review of Whistleblowing policy, Anti-fraud & Corruption and Gifts & Hospitality

We reviewed several policies and procedures from an Anti-Fraud perspective. A Briefing Note was issued in September 2023 which included a number of recommendations to strengthen the policies in place.

The following reviews are in progress:

- IT – Cyber Organisational Controls (fieldwork)
- Key Financial Systems (fieldwork)

## Follow Up

There is no follow up work to report at this stage, but we have completed the handover from Conwy Council.

## Audit Plan Changes

Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process. There are no current proposals to amend the approved audit plan.

## Added Value

### Events

- Transforming the delivery of public services using Human Learning Systems Approach (7<sup>th</sup> December 2023)

Events are free to all clients and bookings can be made by clicking on the above link or via our website [www.miaa.nhs.uk](http://www.miaa.nhs.uk) and click on Events.

## Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

Below sets out the overview of delivery for your Head of Internal Audit Opinion for 23/24:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Risk Management Core Controls		Scheduled for Q4		March 2024
Key Financial Systems		Fieldwork		March 2024
National Fraud Initiative (NFI)	N/A	Initial Briefing – Completed Full Report	N/A	December 2023 March 2024
Payroll & Attendance Management		Completed	Substantial	December 2023
IT – Cyber Organisational Controls		Fieldwork		March 2024
Follow Up				
Q1	N/A	Completed by Conwy Council Auditors	N/A	June 2023
Q4	N/A	Scheduled for Q4		March 2024

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Contingency – Added Value Support & Guidance				
Policy and Procedure review Whistleblowing policy, Anti-fraud & Corruption and Gifts & Hospitality	N/A	Completed	N/A	N/A

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

## Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	No issues to report
Issue a Client Satisfaction Questionnaire following completion of every audit.	Every Final report includes a questionnaire for client feedback	Green	
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	
Percentage of recommendations which are implemented	Follow Up will be reported twice per year	Green	
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

## Appendix C: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> <li>has a low impact on the achievement of the key system, function or process objectives;</li> <li>has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

## Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

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